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ABSTRACT

This report details findings of the Intergovernmental Relations and Human Resources Subcommittee concerning the strengths and weaknesses of current and proposed Aid to Families with Dependent Children (AFDC) work programs for promoting self-sufficiency among poor women; the role of support services such as day care; successful innovations in State and local welfare employment and training programs; and directions for future welfare-employment policy. This study was initiated because of the increase of single female heads of household and the general trend towards a feminization of poverty. The report offers the following findings: (1) Most women on AFDC wish to be self-sufficient but face obstacles such as inadequate day care, poor education and training, and poor employment opportunities. (2) Many States have initiated experimental programs to assist AFDC recipients to find a way out of poverty. Maine's Welfare, Employment, Education, and Training Program (WEET) and Maryland's Employment Initiatives (EI) program are discussed as successful examples. Some other programs coordinate welfare employment programs with State economic development policy or encourage self-employment as an option. (3) The efforts to assist long-term welfare dependents achieve self-sufficiency are inadequate. (4) Flexibility and evaluation are the keys to long-term success of State welfare employment programs. (5) To date, data and experience are not available to support major new legislation on State work welfare programs. The dissenting opinions of committee members are also included. (CG)

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OPPORTUNITIES FOR SELF-SUFFICIENCY FOR WOMEN IN POVERTY

TWENTY-FIFTH REPORT

BY THE

COMMITTEE ON GOVERNMENT OPERATIONS

together with

DISSENTING VIEWS

ED267134

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, DC, December 31, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: By direction of the Committee on Government Operations, I submit herewith the committee's twenty-fifth report to the 99th Congress. The committee's report is based on a study made by its Intergovernmental Relations and Human Resources Subcommittee.

JACK BROOKS, *Chairman.*

CONTENTS

	Page
I. Introduction	1
II. Background	3
III. Findings, conclusions, and recommendations	9
A. Most women on AFDC desire to be self-sufficient, but face many obstacles in their attempt to escape poverty	9
1. Child care	10
2. Education and training	13
3. Employment opportunities	16
B. Many States are undertaking experimental programs which allow AFDC recipients to design a route out of poverty	20
1. Expanding the range of education, training, and employment options	22
2. Expanding social services available to participants	27
3. Coordinating welfare employment programs with State economic development policy	27
4. Encouraging self-employment as an option for some AFDC recipients	28
C. Efforts to assist long-term welfare dependents achieve self-sufficiency are inadequate	30
D. Flexibility and evaluation are key to the long-term success of State welfare employment programs	35
1. The diversity among States and the heterogeneity of women on welfare mitigates against uniformity in work-welfare programs	35
2. Many State welfare employment programs have been in operation for a short time and have not yet been fully evaluated	36
3. States are currently encountering numerous barriers to establishing work programs	38
4. Federal efforts to evaluate and monitor ongoing work programs need improvement	39
E. To date, data and experience are not available to support major new legislation on State work welfare programs	40
1. Funding	41
2. Participation quotas	43
3. Limits on flexibility	45
4. Currently, there is inadequate evidence to support the WOW proposal	48

VIEWS

Dissenting views of Hon. Robert S. Walker, Hon. Frank Horton, Hon. Thomas N. Kindness, Hon. Alfred A. (Al) McCandless, Hon. Larry E. Craig, Hon. Howard C. Nielson, Hon. Patrick L. Swindall, Hon. Thomas D. (Tom) DeLay, Hon. Richard K. Armey, Hon. Jim Lightfoot, Hon. John R. Miller, Hon. Beau Boulter, and Hon. John Grotberg 50

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99TH CONGRESS *1st Session* | HOUSE OF REPRESENTATIVES | REPORT 99-459

OPPORTUNITIES FOR SELF-SUFFICIENCY FOR WOMEN IN POVERTY

DECEMBER 31, 1985.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. BROOKS, from the Committee on Government Operations, submitted the following

TWENTY-FIFTH REPORT

together with

DISSENTING VIEWS

BASED ON A STUDY BY THE INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE

On December 10, 1985, the Committee on Government Operations approved and adopted a report entitled "Opportunities for Self-Sufficiency for Women in Poverty." The chairman was directed to transmit a copy to the Speaker of the House.

I. INTRODUCTION

Under the rules of the House of Representatives, the Committee on Government Operations has the responsibility for studying the operation of Government activities at all levels from the standpoint of economy and efficiency. The committee has assigned this responsibility, as it relates to the Department of Health and Human Services (HHS), including the Social Security Administration, to the Intergovernmental Relations and Human Resources Subcommittee.

The Social Security Administration, through the Office of Family Assistance, administers the Aid to Families With Dependent Children (AFDC) Program which provides cash welfare payments to needy children and their caretakers. Additionally, the Office of Family Assistance (OFA) is primarily responsible for administering

and monitoring work requirements and programs for AFDC recipients.

In view of the increasing number of women and children living in poverty and the emerging policy debates regarding ways to promote self-sufficiency for these families, the subcommittee initiated a review of the barriers to economic independence for women on AFDC and Government efforts to maximize opportunities for these women to create their own path out of poverty.

The subcommittee requested that the General Accounting Office (GAO) review these issues, particularly focusing on the programs and policies of the Office of Family Assistance. On August 27, 1985, GAO issued a report to the subcommittee assessing the current status of welfare-employment programs and the feasibility and impact of recent Administration proposals to mandate a new program entitled "Work Opportunities and Welfare."

In addition, on July 9 and 10, the subcommittee conducted extensive hearings on this subject.[1] The subcommittee heard testimony from twenty-six witnesses representing a wide range of experience, expertise, and philosophical perspectives. The witnesses included welfare-employment experts from universities; program researchers and evaluators; policy analysts from The Urban Institute, the American Enterprise Institute, Children's Defense Fund, The Corporation for Enterprise Development, and the Equality Center; State officials and program administrators; employers; former AFDC recipients; the General Accounting Office; and the Associate Commissioner for Family Assistance of the Department of Health and Human Services.

Witnesses at the hearings discussed the importance of structuring the income maintenance system so that, in addition to providing critical income support to poor women and children, it also provides opportunities for these families to achieve self-sufficiency. While some disagreement existed over how best to accomplish this goal, there was agreement that a growing number of States and local programs are offering exciting new possibilities. These State and local efforts are demonstrating the potential for integrating employment and welfare policies by combining innovative approaches in education, training, job placement, social services, and economic development.

While these innovative State and local programs are new, and for most, evaluations are preliminary, they share two common features which were stressed by witnesses. The first is a willingness to invest in women living in poverty. This investment not only involves a commitment of funds, but more importantly, a commitment to design programs which are responsive to the individual needs of participants. The second is a willingness to offer a range of choices to those in poverty, whether those choices are education, training, job placement, or self-employment.

Given the positive strides being made by some State and local programs, most witnesses before the subcommittee expressed concern about the ability of these efforts to continue under a new Fed-

[1] Hearings before a subcommittee of the Committee on Government Operations, House of Representatives, "Barriers to Self-Sufficiency for Single Female Heads of Families," July 9 and 10, 1985, hereafter referred to as Hearings.

eral work-welfare proposal, entitled Work Opportunities and Welfare (WOW), being advanced by the Department of Health and Human Services. Witnesses communicated specific reservations about the WOW proposal, including funding reductions, limits on State flexibility, and participation quotas.

The report details the subcommittee's findings concerning the strengths and weaknesses of current and proposed AFDC work programs for promoting self-sufficiency among poor women, the role of support services such as day care, successful innovations in State and local welfare employment and training programs and directions for future welfare-employment policy.

II. Background

During the past twenty years, women have increasingly become the sole heads of families, both raising and supporting children on their own. From 1960 to 1982, the number of households headed by women more than doubled from 4.4 million families to 9.4 million.[2] The number of individuals living in these families constituted about 12 percent of the population in 1959, and climbed to 19.7 percent in 1982.[3] By 1983, one out of every five families with children was headed by a woman as compared to one out of every 11 in 1959.[4] This trend is certain to continue as demographers project that female-headed families will grow at a rate five times that of traditional husband/wife families.[5]

Women raising children alone are more likely to be poor than any other type of family. In 1983, 12.5 million poor people lived in female-headed households, including just over half of all poor children. The feminization of poverty is a harsh reality: people in families headed by women are more than four times as likely to live in poverty as are individuals in other households. In 1983, 40.2 percent of individuals living in female-headed families were impoverished compared with 9.2 percent of persons in all families. This problem is compounded by race: 40 percent of poor white children live in homes headed by women compared to 75 percent of poor black children.[6]

There is no consensus in the academic or professional community regarding the driving forces behind these changes in American family life, though several factors are thought to contribute to the dramatic growth of women and children living in poverty. Demographic studies point to the decline in marriage rates and the rise in divorce, separations, and out-of-wedlock births, particularly for teenagers, as major factors in the formulation of female-headed households. Marital break-up usually results in a dramatic decline in income for women and children—a 43-percent drop for divorced

[2] U.S. Department of Commerce, Bureau of the Census, "Characteristics of the Population Below the Poverty Level: 1982," Washington, DC, March 1984, page 43, and U.S. Department of Commerce, Bureau of the Census, "Statistical Abstract of the United States: 1984," Washington, DC, December 1983, page 54.

[3] U.S. House of Representatives, Committee on Ways and Means, "Background Material on Poverty," Washington, DC, October 17, 1983, page xii.

[4] U.S. House of Representatives, Committee on Ways and Means, "Children in Poverty," Washington, DC, May 22, 1985, page 7.

[5] U.S. General Accounting Office, "Evidence is Insufficient to Support the Administration's Proposed Changes to AFDC Work Programs," Washington, DC, August 27, 1985, page 2.

[6] Ibid., page 2.

women, 51 percent for separated women, and 30 percent for widows.[7] According to studies by Harvard University professors Mary Jo Bane and David Ellwood, the formation of a female-headed family accounts for 65 percent of poverty beginnings for women and children.[8] Recently, some scholars have posited that the unemployment of young black men has led to a decrease in marriage among black families. William Julius Wilson of the University of Chicago claims that black women, particularly those who are young, face a "shrinking pool of economically stable black men."[9]

Many people believe that welfare programs are responsible for the surge in female-headed households. In 1984, Bane and Ellwood completed an exhaustive study on this issue for the Department of Health and Human Services and found that, "As an explanation for the dramatic changes in family structure, welfare benefits are largely impotent."[10] Dr. Ellwood stated before the subcommittee that, "We looked for links between welfare benefit levels and family structures both across states and over time. We found very little. Indeed, births to unmarried women are often higher in low benefit states than in high benefit states. And most other major research has similarly found little association."[11]

Many women solely responsible for the support of their families struggle for economic survival, whether they receive government assistance or otherwise earn their family income. Women who work still earn 40 percent less than men on average and are often restricted to low-paying jobs in occupations with limited potential for advancement. In fact, 40 percent of all female-headed households with two children had annual earnings below the level needed to attain poverty level disposable income.[12] Despite these low wages, many poor women choose to work. In 1982, nearly half (46 percent), of all poor female-headed families with children had income from earnings.[13]

The inadequate income of working women is further strained by the cost of raising children, particularly the cost of providing child care. Many women face this responsibility virtually alone, as less than half of the 4 million women due child support receive the full amount, and another 4.4 million women do not even have a child support award in force against the father.[14]

A combination of lower earnings, occupational segregation, and the financial responsibility for raising a family more often than not leave women and their children in an economically vulnerable status.

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[7] Ibid., page 3.
[8] Mary Jo Bane and David Ellwood, "Slipping Into and Out of Poverty: The Dynamics of Spells," Boston, Massachusetts, Harvard University, August 1983, pages 25, 30.
[9] William Julius Wilson and Katherine M. Neckerman, "Poverty and Family Structure: The Widening Gap Between Evidence and Public Policy Issues," Paper prepared for conference on "Poverty and Policy, Retrospect and Prospects," December 6–8, 1984, Williamsburg, Virginia, pages 39–40.
[10] David T. Ellwood and Mary Jo Bane, "The Impact of AFDC on Family Structure and Living Arrangements," Harvard University, March 1984, page 7.
[11] Hearings, page 15.
[12] U.S. House of Representatives, Committee on Ways and Means, "Families in Poverty: Changes in the 'Safety Net'," Washington, D.C., September 20, 1984, page 5.
[13] Op. Cit., see footnote 3, page 29.
[14] Op. Cit., see footnote 5, page 3.

The Federal Government responds to this problem with a range of programs which provide cash, such as the Aid to Families With Dependent Children (AFDC) Program, or noncash assistance, such as Food Stamps, Medicaid, and subsidized housing. As currently structured, the AFDC program serves a dual purpose: it provides basic income support to families with children, while at the same time imposing work requirements in order to reduce families' dependency on the program.

The AFDC program provides monthly assistance to poor children and their mothers, or other caretaker relatives, when a second parent is absent, dead, unemployed, or incapacitated. Each State defines "need" and eligibility criteria, establishes benefit levels, and administers the program, which is funded by a Federal/State matching formula. In 1984, about 3.2 million female-headed households received AFDC benefits, constituting approximately 90 percent of the program's caseload. The average AFDC family consists of a mother and two children, and the caseload is about evenly divided between whites and blacks, as 43 percent of the recipients are black, 40 percent are white, and 14 percent are Hispanic.[15]

Perhaps the most common misperception about public assistance is that benefit levels afford recipients a comfortable standard of living. Although total program expenditures have increased from $4.9 billion in 1970 to $14.5 billion in 1984, the actual purchasing power of AFDC benefits declined 33 percent over this same period. Unlike other income support programs, such as Supplemental Security Income and Social Security, AFDC benefits are not automatically indexed for inflation.[16]

Monthly benefit levels vary greatly from State to State. For example, payments for a family of three with no countable income range from $96 in Mississippi to $719 in Alaska. The maximum AFDC benefit level for a family of three in January of 1985 was less than 75 percent of the poverty level in all but six States. Even when AFDC is combined with Food Stamps, only one State, Alaska, provides assistance that meets the poverty level.[17]

Under the Omnibus Reconciliation Act of 1981, major changes were enacted in the AFDC program which resulted in reduced benefits and a loss of eligibility for many working recipients earning poverty-level wages. In 1984, Congress approved several adjustments to the program which made benefits somewhat more accessible to the working poor. But, most women trying to support their families with low wage jobs continue to be unable to supplement their incomes with assistance from AFDC. As of January 1985, in 11 of the 54 jurisdictions with AFDC programs, a three-person family earning only 75 percent of the poverty level would be automatically disqualified from assistance. In the other 43 jurisdictions, some of these families would also be denied AFDC benefits because of program rules regarding the treatment of earnings. Moreover,

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[15] U.S. Department of Health and Human Services, "1979 Recipient Characteristics Study: Part I Demographic and Program Statistics," Washington, D.C., March 1982, page 2.

[16] Op. Cit., see footnote 5, page 4.

[17] U.S. House of Representatives, Committee on Ways and Means, "Background Material and Data on Programs Within the Jurisdiction of the Committee," February 22, 1985, page 345.

these familes would be generally ineligible for Medicaid, which largely links its eligibility limits to those of AFDC.[18]

Changing political and philosophical perspectives about work and welfare over the last fifty years have generated major revisions in the nature and objectives of means-tested family assistance programs. When the Social Security Act was first passed in 1935, cash assistance was authorized for the blind, the aged, and dependent children, none of whom were expected to be self-supporting. In 1950, the Act was amended to include mothers of needy children because it was widely believed that these women should remain at home caring for their children, rather than working outside the home.

But during the past twenty-five years, a reevaluation has taken place regarding who is considered needy and deserving of assistance, and who should be expected to work. In part, this rethinking resulted from the increase in the AFDC caseload and budget, which incurred substantial and unexpected growth. At the same time, social attitudes toward the appropriateness of mothers working outside the home changed as women entered the workforce in unprecedented numbers. The combination of these two factors was largely responsible for the change in direction of welfare policy to incorporate work incentives and programs into the Aid to Families With Dependent Children Program. In the early sixties, Congress began developing program initiatives in an attempt to both reduce welfare rolls and promote self-sufficiency of welfare recipients.[19]

In 1962, the Community Work and Training Program (CWTP) was established to encourage States to set up what is commonly referred to as "workfare" or programs which require recipients to work off their benefits. The legislation was targeted primarily at unemployed fathers, to whom benefits were first authorized in 1961. When the authorization expired in 1967, CWTP had operated in 13 States.

Congress substantially broadened the scope of the AFDC-related work component in 1967 with the enactment of the Work Incentive Program (WIN). For the first time, all States were mandated to operate a work program in conjunction with their AFDC program, and all recipients, age 16 or older, were required to register for work and training as a condition of receiving benefits. Exemptions were made for specific categories of recipients, including those who were unable to participate because of illness, full-time student status, remoteness from a program site, part-time employment of at least 30 hours a week, and the need to care for an ill member of a household or a child under the age of six. WIN is administered jointly by the Department of Labor and the Department of Health and Human Services and by a similar dual administrative structure at the State level.

WIN was designed as an employment program consisting of training, work experience, job referrals, and public service employment in addition to supportive social services such as child care and transportation. In its eighteen years of existence, the program has undergone legislative, administrative and policy changes which

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[18] Op. Cit., see footnote 4, page 189.
[19] Op. Cit., see footnote 4, pages 463–464.

have reflected shifting emphases and priorities. The program has changed direction several times, from focusing on classroom training and skill development to on-the-job training and direct job placement. In 1980, Congress strengthened sanctions against those recipients who refused to participate in WIN. As a consequence of funding limitations, WIN has only been able to provide services to a small percent of the AFDC caseload, and has generally targeted those recipients who are most readily employable, and least expensive to serve.[20]

In 1981, the Reagan Administration advocated a sweeping restructuring of AFDC work programs by proposing to abolish WIN, and in its place, establish a mandatory workfare requirement for AFDC recipients. Under this proposal, recipients would be assigned to placements in public or non-profit agencies and required to work in exchange for their benefits. The maximum number of hours of work is determined by dividing the welfare payment by the minimum wage. This method of working off benefits based on an hourly wage is what distinguishes workfare from other welfare employment approaches. However, Congress decided to allow States the option of developing a number of new work initiatives authorized by the Omnibus Reconciliation Act of 1981 (OBRA).

Instead of terminating WIN, Congress reduced its funding and granted States the authority to implement a WIN Demonstration project as an alternative to the regular WIN program. The major difference between the two is that the demonstration program is administered solely by the welfare agencies at the State level and HHS at the Federal level, and permits States additional flexibility in designing programs. As of July 1985, twenty-three States have opted to implement a WIN Demonstration project.

OBRA also provided States with the option of establishing mandatory Community Work Experience Programs (CWEP) or workfare programs. States may require CWEP participation of any WIN registrant as well as of AFDC recipients caring for children age 3 and over. As of July 1985, 22 States have established CWEP programs, but only seven are operating workfare on a Statewide basis.[21]

In 1982 the Tax Equity and Fiscal Responsibility Act permitted States to develop job search programs for AFDC applicants and recipients. Job search requires individuals to seek a job in a structured program, either individually or as part of a group effort in a "job club." It may provide training in such activities as the use of resumes, interview techniques, and how to contact potential employers. Participants may be required to participate in 8 weeks of job search per year. There are twelve States which operate job search programs.

Lastly, States also have the option to operate grant diversion programs, in which AFDC grants are used to provide wage subsidies to employers who hire AFDC recipients. The wage subsidy is only for a limited period and predicated on an expectation that the place-

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[20] U.S. General Accounting Office, "An Overview of the WIN Program: Its Objectives, Accomplishments, and Problems," Washington, D.C., June 21, 1982, pages i-iv.

[21] Hearings, page 134.

ment will lead to unsubsidized, permanent employment. Eleven States operate grant diversion programs, all on a limited basis.

Although States are in the process of experimenting with the recently enacted options for work programs, and evaluations of these efforts are still preliminary, each year the Administration proposes a fundamental restructuring of work requirements for both States and recipients. For FY 1986, the Work Opportunities and Welfare (WOW) proposal would require States to establish programs which mandate participation of currently eligible recipients and new AFDC applicants in job search, and of AFDC recipients in other employment related programs. Education and training activities would not generally be eligible for reimbursement under WOW. Participation quotas, phased in over three years, would be enforced by fiscal sanctions against the States. This program would replace WIN and would be funded in the first year at half of WIN's current budget. However, Congress decided to retain the WIN and WIN Demonstration programs as they are presently structured for fiscal year 1986.

Policy expert Hale Champion, former Under Secretary of HHS, called the issue of welfare-employment, "the Middle East of domestic politics."[22] In many respects, the label is appropriate, especially as it relates to the unique situation of women and children receiving public assistance. The short history to date of AFDC-related work programs and incentives reflects a changing, and often controversial set of goals, expectations, and priorities. Debates have raged not only about the most effective ways to link welfare and employment, but also about the appropriateness and fairness of any kind of work requirement for women receiving AFDC.

During the last few years, officials at every level of government have exhibited a growing interest in initiatives that connect welfare and employment programs. State and local officials have launched an array of programs, while major policy, administrative and funding changes have been implemented at the Federal level.

While there may be a new consensus emerging on the importance of promoting self-sufficiency for women in poverty, there is no unanimity on the best approach to this problem, or on how to measure, or even define, success. States widely differ in the way they structure their programs, in part because of differences in goals and expectations. Some of the more innovative programs are trying to use the resources of the AFDC and WIN systems to design a ladder out of poverty through employment, training, and education programs. Others emphasize a work obligation in exchange for welfare benefits. Some advocate mandatory programs, while others support voluntary participation. A growing number are recognizing the importance of providing both training and support services, such as day care and transportation, to women making the transition from welfare to employment.

The committee recognizes that the issue of promoting self-sufficiency among women is complex and defies simple solutions. It is dependent not only on the operation of effective welfare employment programs, but also on access to support services for women

[22] Ibid., page 442.

and children and the availability of jobs that provide enough income for women to support their families. Even the best work program cannot help women to become self-sufficient if the economy does not offer opportunities for meaningful employment. This report examines each of these factors, particularly in light of current Federal programs and future directions for welfare-employment policy.

III. Findings, Conclusions, and Recommendations

A. Most Women on AFDC Desire to be Self-Sufficient, But Face Many Obstacles in Their Attempt to Escape Poverty

The recent public policy debate focusing on mandatory work programs for AFDC recipients contains an implicit assumption that the problem of dependence lies with the motivation of low-income women. However, the overwhelming evidence presented to the subcommittee clearly indicates that women in poverty desire to be self-sufficient, and most desire work as their best means of getting there. Jo Ann Ross, Associate Commissioner for Family Assistance, stated before the subcommittee that

> Welfare recipients, not surprisingly if you think about it, are like everyone else. They feel the need to work and contribute to society as strongly as any of us. * * * The work ethic that shaped our Nation and drives our lives is alive in AFDC recipients.[23]

GAO concurred with the Department's conclusion, adding that women not only want to work, but are willing and do work even for minimal financial gain.

In an evaluation of the impact of the 1981 Reconciliation changes on recipients, GAO found that most of the working poor who lost their AFDC benefits as a result of program cuts did not quit their jobs in order to requalify for AFDC, in spite of the loss of Medicaid and shortages of money for food. Similarly, the Supported Work Experiments conducted from 1974–79, by the Manpower Development Research Corporation (MDRC), an independent research and management organization which focuses on employment initiatives, found that many of the women who participated in the program obtained jobs and remained employed even though their earnings were substantially offset by the loss of welfare benefits.[24] MDRC's Vice President, Judith Gueron, commented before the subcommittee that welfare work programs do not create the work ethic, they simply find it.[25]

Since most women desire to be self-sufficient by working and so many find this goal to be an impossibility, the subcommittee examined the barriers that face women in poverty attempting to make this transition. The obstacles are complex, and vary, depending upon the circumstances of individual women, but many women appear to share three impediments: inadequate child care, restricted access to education and training, and limited opportunities for

[23] Ibid., pages 133 and 137.
[24] Ibid., pages 55–56.
[25] Ibid., page 102.

better paying, stable jobs that allow them to provide a future for their children.

1. Child Care

Access to affordable, safe and quality child care is essential to women's participation in training programs or jobs which allow them to move their families toward economic independence. A 1982 survey conducted by the Bureau of the Census found that 36 percent of low-income women and 45 percent of single women who were not employed, said that they would be in the labor force if they could find satisfactory and affordable child care. Additionally, 21 percent of mothers who worked part time said they would work more hours per week if they could find such care.[26]

Likewise, a 1983 report issued by the U.S. Commission on Civil Rights found:

> Educational and employment opportunities that women cannot pursue due to inadequate child care are opportunities effectively denied . . . Mothers without mates, adequate income, or extended family support face a dilemma in finding affordable, reliable, and convenient child care, access to which may be the difference between supporting themselves partially, if not totally, or depending upon public assistance.[27]

A report issued by the Maine Child Care Task Force found that in nearly 25 percent of all households with young children, one or more of the adults were forced to either quit work, refuse a job, or terminate training or education because of a lack of child care.[28]

The importance of incorporating child care services in welfare employment programs is widely recognized. Governor Dukakis of Massachusetts told the subcommittee that the provision of day care has been central to the success of his State's employment and training program. According to Dukakis, the provision of a State supported day care option "brought into the program 6,000 mothers with children under the age of six who under the WIN legislation are not even required to register for the program." [29] Kimi Gray, president of the Board of Directors of the Kenilworth/Parkside Resident Management Corporation in Washington, DC, explained that in the effort to help residents of her housing project become self-sufficient, one of the first priorities was to establish a day care center and a network of home day care providers throughout the property.[30] Dr. Lawrence Mead, a professor at New York University and supporter of mandatory workfare programs, stated that it is "ridiculous" not to include child care funding in Federal welfare-employment programs.[31]

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[26] U.S. Department of Commerce, Bureau of the Census, "Child Care Arrangements of Working Mothers: June 1982," Current Population Reports, Special Studies Series P-23, No. 129, pages 15-19.

[27] U.S. Commission on Civil Rights, "A Growing Crisis: Disadvantaged Women and Their Children," Washington, DC, May 1983, page 12.

[28] Hearings, page 187.

[29] Ibid., page 443.

[30] Ibid., page 489.

[31] Ibid., page 524.

Although there are many Federal requirements for participation in work and training for welfare families, there are no concurrent Federal provisions for quality child care, even to low-income families. Despite the Government's interest in promoting self-sufficiency for welfare mothers, there is no coordinated program to insure that child care needs for these families can be met. GAO found that child care looms as a major barrier to State efforts to increase the participation of women on welfare in employment and training programs.[32]

Helen Blank, director of the Child Care Division at the Children's Defense Fund, testified that Federal, State, and local budget cuts "have placed great strains on child care centers and family day care homes already receiving fragmented and inadequate support." [33] Many day care centers have begun to serve fewer low-income children in order to remain financially solvent. The largest Federal child care subsidy, the Dependent Care Tax Credit, provides little assistance to low-income women who have limited disposable income, and little tax liability against which to derive a credit.[34]

The Title XX Social Services Block Grant provides the greatest source of direct Federal support for child care and other services. Under the Reconciliation Act of 1981, the program suffered a 21 percent cut and, as a result, 34 States lowered spending for child care between 1981 and 1983. According to the Children's Defense Fund, half of the States were still spending less, in the fall of 1984, for child care than they had in 1981. Many States have restricted eligibility requirements for low-income families, increased fees for services, and lowered their child care standards.[35] In a 1984 report, GAO also found that many States decreased their share of Title XX expenditures for day care in the aftermath of the 1981 Reconciliation Act.[36]

The Children's Defense Fund also reports that since 1981, twenty-one States have made it more difficult for low-income mothers in school or training programs to be eligible for Title XX child care. For example, Nevada and Kansas no longer offer Title XX child care to parents in training programs, while Washington State has limited its child care subsidies to parents in high school only. Under similar funding constraints, Arkansas designated parents in training programs as the State's lowest priority for Title XX child care assistance and Alabama eliminated child care support for mothers in training or those seeking employment.[37]

To demonstrate the direct impact of Title XX cuts, Cicero Wilson of the American Enterprise Institute, told the subcommittee of an exemplary welfare employment program which trained teenage mothers for positions at a local shoe factory and provided day care through Title XX. As a result of international competition, the

[32] Ibid., page 64.
[33] Ibid., page 192.
[34] U.S. House of Representatives, Committee on Children, Youth and Families, "Family and Child Care: Improving the Options," Washington, DC, September 1984, page 83.
[35] Hearings, pages 193-194.
[36] U.S. General Accounting Office, "States Use Several Strategies to Cope With Funding Reduction Under Social Services Block Grant," Washington, DC, August 9, 1984, page iii.
[37] Hearings, page 195.

55-537 O - 86 - 2

women were forced to work only part-time, but the reduction in hours also had the effect of making them ineligible for Title XX day care. Consequently, they were forced back on welfare. Mr. Wilson explained that "to go back and see the shining role models who had been keeping other young girls from having babies and encouraging them to finish high school was devastating. Many of these women were the managers and assistant managers at the Brown Shoe factory. Do you know what type of impact it had on that community to see them go back on welfare?" [38]

Another consequence of Title XX Social Services Block Grant cuts, according to the Children's Defense Fund, is that many States have shifted their funding for child care for working mothers receiving AFDC from Title XX to the child care disregard provision in the AFDC program. Under the disregard, a family makes its own child care arrangements and then pays out of pocket for the services. The State then subtracts or "disregards" these child care expenses (up to $160 per month) from the family's earned income when calculating the amount of the family's AFDC grant. As a result, the family receives a larger grant as a reimbursement for these costs. In contrast, Title XX supports day care through a voucher for the family or a direct contract or grant with the provider.

According to Ms. Blank, there are numerous problems with the disregard that result in an unstructured and inadequate child care system for poor families. First, the monthly limit may not cover the entire cost of care. Second, families on AFDC often have their benefits calculated retrospectively, that is, in any month their benefits are based on expenditures in the previous month. Many families cannot afford to carry the expense of child care on their limited budgets for one or two months before reimbursement is included in their check.[39]

Because there is no one Federal child care program to coincide with work programs and requirements for AFDC families, States utilize a range of options, including Title XX, the AFDC child care disregard, direct reimbursement of families as a work-related expense, and their own State-funded programs. The Associate Commissioner also testified that some States have found inexpensive ways to meet the need, such as having workfare participants watch each other's children, and placing workfare recipients in jobs at child care agencies.[40]

Several witnesses expressed concern about this haphazard approach to providing care for children as part of a Federal initiative to help mothers work. Ms. Blank noted the contrast between this approach, which she finds likely to lead to "custodial programs at best," and that of the Headstart Program, which offers a high quality, preschool education for low-income children.[41]

Most witnesses appearing before the subcommittee testified that child care accommodations must be made an integral part of work programs if the goal of encouraging self-sufficiency among low-

[38] Ibid., page 7.
[39] Ibid., pages 197-201.
[40] Ibid., page 140.
[41] Ibid., page 178.

income women on welfare is to be realized. In contrast, Associate Commissioner Ross, representing the Department of Health and Human Services, stated that "Adequate child care is available. Many States have found that they greatly overestimated the need to provide this service." [42] When subcommittee Chairman Weiss asked Ms. Ross to be more specific about her statement that the need for day care has been overstated, she responded:

> Well, that is very difficult for me to answer. I cannot quantify it in those terms. * * * There may be problems in certain areas. * * * In the information that we have from the States, States are not telling us that they are unable to involve people in large numbers because of a lack of day care.[43]

However, other witnesses contested Ms. Ross' assertion that the need for day care had been overstated. Aviva Breen, representing the State of Minnesota, which has established an extensive child care program, said that her State's program provides only about a fourth of the funding necessary to meet the need.[44] Ms. Blank stated that many States are faced with severe shortages in day care availability. Data from Massachusetts' resource and referral programs suggest that only a third of the families needing day care are able to find the kind of care that they want at affordable prices. New Mexico is serving approximately 3,700 children, but estimates that 50,000 children need care. Louisiana has a waiting list of 4,000 for its Title XX child care services.[45]

For a single mother on AFDC, the lack of safe and affordable child care can foreclose the possibility of employment, training, education, and even the opportunity to job hunt. As Ms. Gray pointed out, ". . . no mother can actually go out here and work in peace on any type of job, not knowing that her children are sufficiently taken care of." [46]

The growing gap between child care needs and supply is certain to worsen as the number of single parent households increases, and more women seek employment as their way out of economic dependency. The committee believes that meeting the child care needs of low-income families headed by women will require strengthened efforts by all levels of government; that States cannot shoulder this responsiblity on their own. Any effort to promote self-sufficiency among low-income women that fails to fully integrate quality child care will not only be unworkable and counterproductive, but will compromise the welfare of low-income children.

2. Education and Training

A second impediment to self-sufficiency for women in poverty is inadequate training and education. The lack of training and skills frequently prevent women from finding jobs which pay a decent wage, and sometimes preclude them from finding a job at all.

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[42] Ibid., page 128.
[43] Ibid., page 172.
[44] Ibid., page 434.
[45] Ibid., page 205.
[46] Ibid., page 512.

According to Demetra Nightingale, a specialist in employment and training programs for The Urban Institute, experience has demonstrated that women on welfare generally benefit from intensive training. As examples, women participating in the Supported Work Demonstration and the CETA Program experienced their largest post-program gains in earnings after participating in structured employment and classroom training.[47] Governor Dukakis emphasized that the Employment and Training (ET) Choices Program in Massachusetts recognizes that many women require additional education and skill development before becoming employable. As such, more than half of all ET participants choose basic education, community college, or direct skills training to improve their basic and technical skills.[48]

In Maine, over 3,000 AFDC recipients have become more employable through the State's education and training programs. According to the program's director, approximately half of the recipients need training to enhance their general employability, such as remedial and prevocational training, while half benefit from occupation-specific training and postsecondary education.[49]

Similarly, the president of the Kenilworth/Parkside Resident Management Corporation in Washington, D.C., attributed much of her program's success to training initiatives in professions "that do not assume that the only thing a welfare mother can do is clean an office building." In Ms. Gray's estimation, "the key to any Government-sponsored, self-sufficiency program is to invest the time, energy, and resources in training these women for meaningful employment that offers upward mobility." [50]

The educational needs of many low-income women are largely unmet, as evidenced by the fact that in 1983 only 2.2 percent of AFDC mothers were in school.[51] A 1982 study conducted by the Educational Testing Service in Princeton found that 61 percent of WIN clients scored below the 8th and 9th grade level in math and 44 percent scored below that level in reading competency.[52] Overall, approximately 42 percent of mothers receiving AFDC in 1979 had graduated from high school.[53] These statistics indicate that many AFDC mothers could benefit from further education, although most are not afforded an opportunity to do so.

Additional education often translates into earning power that can make the difference in women escaping poverty and dependence on Government programs. According to the U.S. Civil Rights Commission, low educational attainment leads to a greater risk of poverty for female heads of households than for males. Among female-headed families, the poverty rate in 1981 was 48.8 percent for those with less than eight years of education, 27.8 percent for high school graduates, and 16 percent for those with one or more years of college.[54] When educational level and wages are com-

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[47] Ibid., pages 29–30.
[48] Ibid., page 443.
[49] Ibid., page 534.
[50] Ibid., page 490.
[51] U.S. House of Representatives, Committee on Ways and Means, Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means, Washington, D.C., February 22, 1985, page 369.
[52] Hearings, page 30.
[53] Op. Cit., see footnote 15, page 51.
[54] Op. Cit., see footnote 27, page 36.

pared, one finds that a woman with a college degree earns an average of $350,000 more over her lifetime than a woman with less than a high school degree.[55]

The opportunity to enroll in a postsecondary program is even more restrictive for AFDC mothers than existing high school and vocational training options. As Margaret Dunkle, co-director of the Equality Center, stated before the subcommittee:

> The problems with participation in higher education by women receiving AFDC payments are tied to omission—policymakers ignoring or overlooking this population and its needs—and commission—with low and frequently self-fulfilling expectations about the abilities of women receiving AFDC payments.[56]

Ms. Dunkle detailed several barriers that currently work against AFDC mothers obtaining post-secondary education. For one, the College Entrance Examination Board concluded in a 1984 report:

> If there is one aspect of AFDC that may raise insurmountable barriers for recipients desiring to enroll in postsecondary education, it is the job search and work requirements that were significantly strengthened in the Omnibus Budget and Reconciliation Act of 1981. That act reflected and enhanced a trend in AFDC away from viewing postsecondary education and training as options for AFDC beneficiaries. Instead, the emphasis is increasingly on getting AFDC recipients into some form of employment as quickly as possible, in hopes of reducing the numbers in and the cost of the AFDC program.[57]

Even women who are exempt from work requirements because they have children under age 6 find that they may be prevented from attending school. If attending school requires women to be away from home for more than "brief and infrequent absences," then in some cases parents will have their exemptions from work programs revoked.

Additionally, the complex interrelationship between student aid and welfare receipt often results in penalizing mothers who attempt to enroll in college. In many instances, a woman's welfare benefits may be reduced if she receives certain types of financial aid. Therefore, she winds up in an impossible situation, unable to afford school without her financial aid, yet unable to support her family without her welfare check. Ms. Dunkle also refers to an "information gap," explaining that innovative methods of distributing information about college recruitment and financial aid must be devised to reach welfare mothers. These women are unlikely to have access to high school guidance counselors, or to caseworkers informed about these options.[58]

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[55] Hearings, page 233.
[56] Ibid., page 232.
[57] Paul L. Franklin, College Opportunity and Public Assistance Programs: Ideas for Resolving Conflicts, Washington, D.C., College Entrance Examination Board, 1984, page 6, quoted at Hearings, July 9, page 233.
[58] Hearings, pages 235–237 and 240–242.

The education and training needs of many women in poverty run the gamut from remedial education to vocational education to skill development to postsecondary education. Although efforts to train and educate women on welfare for meaningful jobs have proven to be effective, they have only been funded to reach a fraction of the women whom they could benefit. While education and training may be more expensive than immediate job placement activities, they often make the difference in a woman's ability to find a job with wages high enough to support her family without assistance from welfare. Therefore, the committee recommends adequate resources be dedicated to enabling States to fully integrate education and training into welfare employment programs.

3. Employment Opportunities

A third barrier to economic independence faced by women on AFDC concerns the type of employment most often available to them. Many women find employment only in low wage and/or part-time jobs, including many women with education and marketable skills who are not able to command the jobs or salary commensurate with their expertise. The low earnings, instability, and lack of benefits associated with these jobs make economic independence an elusive goal for many relying on public assistance.

The problems of the poor in securing adequate employment is summarized by policy analyst Hugh O'Neil:

> The majority of poor households are headed by people who can work, who have worked—who may indeed be poor despite the fact that they now work full-time or nearly full-time. Scholars, journalists, and public officials may ruminate over problems like the "culture of poverty," on the "feminization of poverty," or the aberrations of the "underclass;" and all of these concepts may reflect some real aspects of life among poor people in America. But none of these factors approach in importance the reality that most people who are poor simply can't get work that is steady enough or pays enough to lift them out of poverty.[59]

In the current labor market, a job is a much less certain path out of poverty for women heading families than for men. According to a report published by the Center for the Study of Social Policy:

> Despite their labor force attachment, women heading single parent families can expect to earn lower wages than other families. In 1981, the last year for which data are available, the median weekly earnings for families maintained by single women was $198, versus $311 for families headed by a single male and $585 for married couple families with two earners.[60]

The fact that employment, even when full-time, does not necessarily mean a route out of poverty for women, has serious implica-

[59] Hugh O'Neil, "Creating Opportunity: Strategies and Reducing Poverty through Economic Development," Council of State Planning Agencies, December 1983.

[60] "Working Female-Headed Families, in Poverty," Center for the Study of Social Policy, Washington, D.C., March 1984, page 9.

tions for welfare policy. As stated by a Maryland study of barriers to employment for AFDC recipients:

> Welfare recipients are characterized by low levels of education and frequently have little work experience; consequently, they tend to find secondary labor market jobs, when they find jobs at all. Since secondary labor market jobs are low paying jobs with few benefits and virtually no potential for advancement, they may not provide an attractive alternative to welfare for many recipients.[61]

The problem of employment opportunities can be separated into two issues: the inadequate number of jobs in the economy, and the undersupply of jobs which provide an adequate level of wages, stability, and benefits to support a family.

The lack of sufficient numbers of jobs in the economy for all those seeking work is still a major public policy concern, even after two years of economic recovery following the 1981–82 recession. In 1985, the unemployment rate has not dropped below 7 percent, with many local labor markets and groups of workers experiencing much higher levels of joblessness. As expressed by Jenice View and Marguerite Lopes of the American Enterprise Institute:

> True welfare reform should be based on the knowledge that even in prosperous times the labor market simply does not absorb everyone who wants to work.[62]

Economic recession greatly worsens the problem of job supply. Fears persist that the economy will cycle back to the recession conditions of 1982 when, according to Katherine Abraham of the Massachusetts Institute of Technology, even if every available job had been filled, the United States would still have had an excess of close to nine million unemployed workers.[63]

A more complex problem for welfare policy is the undersupply of jobs which provide an adequate level of wages, benefits, and stability to support a family with children. Jobs which are low wage, which are part-time, which are seasonal, or not unusually a combination of all three, often cannot provide earnings to bring a family up to the poverty level. The central importance of labor market conditions in developing an understanding of the problem of poverty is echoed by a study by the Corporation for Enterprise Development:

> Just as troubling are the growing numbers of employed workers unable to earn an adequate income from their labor. A full-time job at the minimum wage (annual income=$6,968) is sub-poverty for a family of 3. Full three-fifths (62.9 percent) of families living below the poverty line had at least some members who worked every week of

[61] Margaret Boeckman, "Study of Barriers to Employment for WIN Mandatory Welfare Recipients," Office of Welfare Employment, Maryland Department of Human Resources, November 1984, page 3.

[62] Marguerite Lopes, and Jenice View, "Women and Welfare," a paper presented at the Women, Welfare, and Enterprise Conference, American Enterprise Institute, Washington, D.C., April 21, 1983, p. 5.

[63] Katherine Abraham, "Structural Versus Deficient Demand Unemployment: Some New Evidence," unpublished paper, Sloan School of Management, Massachusetts Institute of Technology, 1982.

> the year. One quarter of those families had at least one member who worked *full-time*, year round.
>
> Working poverty is also a result of limited hours. The average number of weeks worked by households with incomes below 125 percent of the poverty level was 37 per year. Certainly some of this underemployment is voluntary, but much of it is not. One third of women heads of households who worked less than 50 weeks a year in one study said they did so because they could not find full-time work.

The growth of involuntary part-time work is confirmed by the Bureau of Labor Statistics, which reports that between 1973 and 1982, the percentage of involuntary part-time workers more than doubled.[64]

Not only do the low-wage jobs provide inadequate earnings, but they often provide few benefits. The Corporation for Enterprise Development states:

> Low-paid jobs are less likely to offer health or life insurance, pension benefits, paid sick leave or paid vacations. One study found that a majority of low-income single mothers held jobs which offered none of the above benefits.[65]

Dr. Lawrence Mead, testifying before the subcommittee, characterized the jobs available to welfare recipients as follows:

> The jobs are fairly rudimentary, often unskilled, often unpleasant and there is no reason to varnish that reality in any way. What it means is that you cannot guarantee meaningful jobs to the welfare class as a whole. This is simply not possible.[66]

However, Dr. Mead continues by asserting that "there is no reason why we should have to [guarantee meaningful jobs]" and that "A lot of Americans not on welfare do rather unpleasant jobs every day."[67]

Other witnesses testified, however, that the real question is not whether a job is unpleasant or pleasant. The question is an economic one: will the job provide enough earnings and benefits to compensate for the loss of AFDC and Medicaid? If not, then a single mother will be putting her children at greater risk by taking a low-quality job than by staying on AFDC and continuing her eligibility for Medicaid.

Cicero Wilson of the American Enterprise Institute made the following comment at the subcommittee hearing about the problem of job quality:

> The other point I would make in connection with this is that any workfare program that places a woman in a dead-

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[64] Neil Rosenthal, "The Shrinking Middle Class: Myth or Reality?" *Monthly Labor Review*, March 1985, p. 5.

[65] Corporation for Enterprise Development, "Investing in Poor Communities," Washington, D.C., April 1985, p. 4.

[66] Hearings, page 502.

[67] Ibid.

> end, minimum wage job that is not slated to develop her potential and encourage her progress sets the stage for the same type of process that causes many women to come into the welfare system in the first place.[68]

Wilson's observations were echoed by Kimi Gray, chairperson of the Kenilworth/Parkside Resident Management Corporation:

> Generally these jobs pay just enough money to make these women ineligible for AFDC and Medicaid, but not enough to break the cycle of poverty.
>
> Many of these women who take these jobs find themselves unable to afford medical insurance or the high cost of food, therefore, they find it more advantageous for them to go back on the welfare rolls.[69]

A report by the General Accounting Office based on the experience of AFDC recipients who had their benefits either reduced or terminated as a result of AFDC regulation changes made by the Omnibus Budget Reconciliation Act (OBRA) of 1981 made the following comments regarding the complex tradeoff between work and welfare:

> An AFDC recipient who continues to work full-time in a low-wage job may not be able to become independent from welfare by increasing the number of work hours, despite program incentives to do so. Policies designed to provide incentives to become independent from welfare by encouraging employment should take into account the diversity of AFDC recipients' employment situations. For example, most of those we studied whose benefits OBRA reduced were working part-time and, thus, could potentially increase their monthly earnings by working more hours, the labor market permitting. But other recipients—most of those we studied whose benefits OBRA terminated—were working in jobs with so little pay that they were quite poor even when they worked full-time. Still other recipients were unemployed for prolonged periods. These findings suggest that independence from welfare is not simply a matter of increasing work effort and is constrained by available wages and by opportunities for employment.[70]

In addition, GAO pointed out the problems that women face in providing health care for their families once they no longer receive AFDC and Medicaid:

> . . . AFDC recipients who lose AFDC benefits because of OBRA's earned-income rules and who work for employers who offer no health insurance, or do not work enough hours to be eligible for an employer's insurance program, will probably be without health insurance after the expiration of the 9-to-15 month extension of Medicaid eligibility . . . . Many families in the low-benefit sites had no health

[68] Ibid., page 497.
[69] Ibid., page 490.
[70] U.S. General Accounting Office, "An Evaluation of the 1981 AFDC Changes: Final Report," July 2, 1985, page 125.

> insurance 1½ to 2 years after they lost AFDC because of their lack of either Medicaid or private insurance.[71]

The problem of job quality will be a continuing issue in welfare employment programs. This is not a short term problem, but the result of a trend which is expected to continue into the next decade.

According to the Corporation for Enterprise Development:

> Finally, trends point to the worsening of the job quality problem. The growth of low-wage jobs is far outstripping the rise in mid- and high-wage ones, the high tech boom notwithstanding. This has been underway since 1969, and is expected to continue to 1995. This trend presents the strong possibility that the demand for better paying jobs will exceed supply.[72]

Some State programs, including those in Maine, Massachusetts, and Maryland, have recognized the problem of adequate employment opportunities and are attempting to address it through a variety of means. These include coordinating their welfare employment programs with job creation and economic development programs, tailoring their welfare employment programs to place participants in jobs with adequate wages, and providing for benefits such as medical care during an extended transition period. While the employment opportunities question is one of the more difficult for States to overcome, creative approaches show great promise.

B. MANY STATES ARE UNDERTAKING EXPERIMENTAL PROGRAMS WHICH ALLOW AFDC RECIPIENTS TO DESIGN A ROUTE OUT OF POVERTY

Under both the Work Incentive (WIN) Program and the WIN Demonstration Program, States have designed experimental approaches for encouraging increased economic independence for AFDC recipients who are able to work. The perspective shared by many of these programs is that if participants are given support during the critical period when they are making the transition from welfare to work, they will increase their chances of retaining employment and reducing their dependence on public support. While these programs require an initial investment of funds, many States feel that their potential to reduce overall welfare expenditures in the longer-term makes them a cost-effective strategy.

According to testimony before the subcommittee by Robert Friedman of the Corporation for Enterprise Development:[73]

> The States are carving a new, different path. Their programs are new enough to be quite experimental; perhaps it is appropriate that federal policy has simply allowed this innovation rather than prescribing it. But as the results of these programs mount and the successes become clear, we should look back again at AFDC, food stamp, Medicaid, and other transfer payment legislation and regu-

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[71] Ibid.
[72] William Schweke, "Investing in Poor Communities," Corporation for Enterprise Development, April 1985, pages 3–5.
[73] Hearings, page 606.

lations to see how they impede these steps toward self-sufficiency.

Testifying before the subcommittee, Cesar Perales, commissioner of the New York Department of Social Services and chair of the National Council of State Human Service Administrators' Employment Committee, characterized State efforts as follows: [74]

> The State Human Service Administrators are firmly committed to moving welfare recipients towards self-sufficiency. This commitment is evidenced by the increasing number of employment initiatives being developed and implemented across the states, and by the successful results of existing work programs. As many as 37 states have implemented one or more of the optional work programs authorized by the Omnibus Budget Reconciliation Act of 1981. With the additional discretion provided states last year by the Deficit Reduction Act to design effective grant diversion programs, this number will likely increase. That so many states have implemented optional work programs is significant when you consider that less than 4 years ago the role of title IV-A agencies in employment programs was essentially limited to providing needed supportive services.
>
> Most important, despite limited dollars, the states have had measurable success with their employment programs. For example, in FY 1984, States registered over one million AFDC recipients for WIN services nationwide. Roughly 35% of these registrants, 354,396, found jobs—38% *more* than in FY 1983. The resulting savings attributed to welfare grant reductions totaled $587 million: *more than double* the $260 million in federal money invested in grants to the states for this period. These savings, moreover, do not include savings attributed to welfare grant avoidance—over $142 million in 1984—or the savings in food stamps or medicaid that result when the AFDC status of a family changes because of employment. Few Federal programs probably come close to matching this kind of performance—two dollars saved for every federal dollar invested. That is worthwhile investment.

In order to gain an understanding of the range of program options being experimented with at the State and local level, the subcommittee heard testimony from witnesses involved in what are considered innovative programs. These programs are operating in Massachusetts, Maryland, Connecticut, Maine, New York, Ohio, and Minnesota. The subcommittee chose to examine these programs because they are considered successful and because their experimental nature offers lessons concerning what future direction welfare policy should take. The programs examined here are a sample of innovative efforts being undertaken and do not constitute an exhaustive review.

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[74] Ibid., pages 89-91.

Model State and local programs have made innovations in four areas: 1. Expanding the range of education, training, and employment options offered to participants; 2. Ensuring that a range of social services are made available to participants; 3. Tying together welfare employment policy with economic development policy; and 4. Promoting self-employment as a feasible route out of poverty for a segment of the welfare population.

1. Expanding the Range of Education, Training, and Employment Options

As discussed previously, one of the recurring lessons from welfare employment programs over the past two decades is the need to tailor programs to the needs of participants and thereby target activities to those who will benefit the most from them. Not only is targeting important because it is more effective for participants, but also because it allows States to prioritize the use of scarce financial resources and implement more cost-effective programs.

Offering welfare employment program participants a choice of activities also fosters their commitment to succeeding in the program. According to the Corporation for Enterprise Development, the message given to participants in these programs is that the AFDC system can be "a supportive tool toward self-sufficiency" which they can use to accomplish their own goals, rather than a system which tells them they are only capable of being "taken care of." [75]

Below is a brief description of how the programs reviewed at the hearing have provided a range of opportunities to their welfare employment participants.

a. Currently Operating State Programs:

Maine's Welfare, Employment, Education, and Training Program (WEET).—The WEET Program began operation in 1982 as a WIN Demonstration Program. According to Linda Wilcox, Director of the Division of Welfare Employment in Maine's Department of Human Resources, the program was developed in response to the economic conditions of the State and the need of welfare women for intensive training, education, and work experience. Maine ranks 40th out of the 50 States in family income, and nearly 40 percent of the population lives on the borderline of poverty. In order to reduce the number of women and children in poverty, one goal of the WEET program is to train women for jobs which provide a wage which can support a family.

Ms. Wilcox testified that the program was designed with two innovative features: supporting a wide range of education and training activities, and working with the State's economic development agencies to target new jobs for AFDC recipients, a feature discussed further on in the report. Women first come to WEET for assessment and employability counseling, help in meeting training program entrance requirements, and for job search assistance if they are ready to enter the labor market.

[75] Corporation for Enterprise Development, "Transfer Payment Investment Policy: Overview and Case Studies," Washington, D.C., 1985, p. 3.

For those who participate in training, WEET offers activities which improve the general employability of participants such as remedial education, preparation for the GED exam, and prevocational training. It also offers training for specific occupations such as post-secondary education at the University of Maine and skills training through vocational education. Because the program wants to help as many AFDC recipients as possible remain off welfare permanently, it maintains contact with them for a year after they get a job.

In 1984, 1,400 WEET registrants got jobs, an increase of 30 percent over the previous year. According to Ms. Wilcox, the welfare savings generated in the first year of employment for participants is equivalent to the annual cost of running the program.

Maine is also participating in an experimental program to test the effectiveness of grant diversion for moving AFDC recipients into employment. Grant diversion is a mechanism whereby the AFDC benefit is used to subsidize wages paid by an employer, who also provides on-the-job training. According to Ms. Wilcox, very preliminary results show that this transition mechanism is an effective strategy, but only for a small proportion of the State's AFDC caseload.

Maryland Employment Initiatives (EI).—Maryland's Employment Initiatives (EI) Program is funded through the WIN Demonstration Program and the Jobs Training Partnership Act (JTPA). The program was initiated in 1982 in portions of Baltimore City and rural Wicomico County and has recently expanded to five new counties out of a total of 24 in the State.

According to testimony before the subcommittee by Ruth Massinga, Secretary of the Maryland Department of Human Resources, EI offers a package of program activities leading to unsubsidized unemployment. These activities are skills and remedial training, training in job search techniques, and financial incentives to both employers and participants.

Ms. Massinga testified that the EI program has several unique features. First, the program uses WIN Demonstration funds to leverage other State, county, and city resources. It has established linkages with the Job Training Partnership Act Private Industry Councils, local education agencies, community colleges, and the private sector in order to ensure delivery of a wide range of services to clients.

Second, Maryland also operates a grant diversion program similar to Maine's. A portion of the welfare grant is diverted to an employer who provides an on-the-job training experience to the participant who then receives a regular wage.

Third, Ms. Massinga states that by avoiding unnecessary and complicated program requirements and keeping contractual arrangements with employers simple, the program has been able to keep administrative costs low and maximize resources available for participants.

In the first two and one half years of the program's operation, EI has placed 1,500 participants in jobs. Participants who were formerly on AFDC receive an average entry level wage of $4.25 per hour. Again according to Ms. Massinga, the estimated AFDC sav-

ings over two years is nearly $4 million, plus other benefits to the State such as increased tax revenues and economic activity.

Massachusetts Employment and Training (ET) CHOICES—The Massachusetts ET CHOICES Program was started in October of 1983 and the participation of AFDC recipients is authorized by the WIN Demonstration Program. The ET CHOICES Program is one of the largest experimental programs being conducted by a State. According to testimony before the subcommittee by Governor Michael Dukakis:

> Nearly 17,000 public assistance recipients have successfully completed this program and gone on to find full or part time employment. All of the jobs are unsubsidized and most of them are in the private sector . . .
>
> In addition to the 17,000 satisfied customers of the ET program who are now working, we have 20,000 participants who are waiting to get into the program.[76]

The ET CHOICES Program offers a wide variety of work-related activities for participants. Each participant receives an initial appraisal and develops an employment plan with the help of ET staff. Once the employment plan is developed, participants have the option of pursuing career planning; education and training (including courses in English as a second language, pursuing a General Education Degree, enrolling in a community college through a voucher system, job skills training, the Jobs Training Partnership Act); Supported Work or on-the-job training; and job development and placement.

In 1984, the first year of the program, ET CHOICES produced the following results:[77]

> ET participants were placed into unsubsidized, private sector employment in more than 4,000 companies and businesses located throughout the State;
>
> Seventy-five percent of ET participants were placed into full-time employment at wages twice as large as the welfare grants which previously supported their families (at an average wage of $5.00 per hour);
>
> Fifty-seven percent of full-time placement received employer-sponsored, private health insurance;
>
> Eighty-five percent of ET participants were still employed after thirty days; and
>
> Eighty percent of these participants remain employed after six months.

The program has also implemented a number of management accountability features which the State feels has contributed to its success. First, it has developed local welfare office goals which specify the number of referrals and job placements for which ET staff are responsible. Second, it has developed performance-based contracts with providers of ET services and instituted a contract management system. Each contract and interagency agreement includes specific performance goals, which may include:

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[76] Hearings, page 442.

[77] Massachusetts Department of Public Welfare, "Special Report: Employment and Training," 1985, p. 94.

Number of participants to be served;
Competency levels for individuals completing certain programs;
Number of job placements, both full- and part-time;
Average wage for full- and part-time placements; and
Job retention rates.

In his testimony before the subcommittee, Governor Dukakis stated that the ET CHOICES Program had saved the State some $50 million in welfare benefits in less than two years. The average cost of an ET CHOICES placement is $3,000, compared to an average cost of $7,000 per year to support an AFDC recipient who is eligible for Medicaid and Food Stamps. Thus, the State contends, each successfully employed ET CHOICES graduate will immediately save the State and Federal government $2,000 each. From FY84 through FY88, the State estimates that the program will save $95.5 million in AFDC and Medicaid costs and will produce an extra $5.3 million in new tax revenues.

Plans for the program in 1986 include increasing wages and job retention rates, expanding the community college voucher program, improving the career planning program model, and broadening and strengthening the performance-based contracts and interagency agreements.

Connecticut.—In 1985, Connecticut passed *An Act Concerning Welfare Reform* which authorizes a number of new welfare employment initiatives. According to testimony given before the subcommittee by James Fleming, a member of the Connecticut General Assembly, three new programs will result from enactment of the bill:

A voluntary work program for heads of households on AFDC. This program is targeted to long-term welfare dependents—those who have been AFDC recipients for more than ten years—which is between 10 and 12 percent of Connecticut's case load.

A program for people receiving AFDC–UP, Unemployed Parents, which requires them to do a weekly job search. This program is being implemented on a limited basis and, if successful, will be expanded.

A program to provide entry level positions in union apprenticeship programs for recipients of AFDC or general assistance.

America Works.—America Works is a private, for-profit company created in 1984 to assist AFDC recipients in securing permanent, unsubsidized jobs in the private sector. It is an outgrowth of the Transitional Employment Enterprises (TEE) Program which operates in Massachusetts and New Hampshire. The success of the TEE model resulted in the establishment of America Works which is working with a number of States who are interested in establishing similar programs.

According to testimony before the subcommittee given by Peter Cove, president of America Works, the program uses a model known as supported work which was pioneered in the 1970's. Under supported work, participants are offered a comprehensive array of support services, including intensive job counseling, help with day care and transportation, assistance in employment skills, and job placement.

America Works works with potential host companies to identify unfilled entry-level jobs, then recruits, screens, trains, and places AFDC recipients for a four- to five-month training period. The companies pay a negotiated fee directly to America Works, which then assumes full responsibility for supervising and/or assisting the worker with all personal or financial problems that might otherwise lead to dismissal. During this period, the worker remains on America Works' payroll. Weekly evaluations complement a carefully structured framework of supports and incentives for both employer and employee. Finally, after the four- to five-month transitional period, workers are rolled over to the firm's payroll as permanent employees.

Similarly, Transitional Employment Enterprises has proven to be very successful in serving AFDC recipients. From 1981 to 1984, TEE served nearly 3,000 trainees, with approximately 65 percent of these moving into permanent employment. TEE also has impressive retention rates, despite the fact that TEE is marketed primarily as a means for companies to fill slots with high turnover rates. Approximately 90 percent of TEE's placements remain with their company after a full year; 83 percent after two years; and 70 percent after three years.

Firms also report much lower absentee rates and much higher motivation levels for their TEE placed employees. Follow-up studies indicate that 32 percent of the employees move up into new positions through in-house training programs. Funding for TEE comes from three sources—diversion of AFDC benefits, a State grant, and employers using TEE's services—with each source covering approximately a third of the cost.

According to Mr. Cove, America Works has contracted with the Ohio Department of Human Services to establish divisions in Dayton and Cleveland which will be known as Ohio Works. Another division, Connecticut Works, has opened in the Hartford-New Britain area. The State of New York is considering legislation which would establish a supported work program in New York City; and California, Michigan, Illinois, Delaware and Texas have expressed interest in establishing similar programs.

Kenilworth/Parkside Resident Management Corporation.—Kenilworth/Parkside is a 25-year-old low-rise public housing complex in northeast Washington, DC. In 1982, the Kenilworth/Parkside Resident Mangement Corporation was formed to manage the 464 unit complex to overcome years of neglect of the former management such as leaving the complex with no heat or hot water for almost three years between 1979 and 1981.

According to testimony before the subcommittee given by Kimi Gray, president of the Board, the Corporation is now operating a number of employment and training programs. These include:

An employment agency staffed by a former public welfare recipient that assists residents in education, training, and career planning.

Skills training that offers training for better-paying jobs such as plastering, painting, plumbing, minor electrical repair, and minor home repair.

Education programs for GED preparation, as well as a post-secondary assistance program which has sent over 480 youth to colleges and technical/vocational schools.

The establishment of six new businesses and two joint ventures with private firms which has created more than 120 jobs.

According to Ms. Gray, the percentage of welfare recipients has dropped from 85 percent to 35 percent in the three years that the Corporation has been operating these programs. Also according to Cicero Wilson of the American Enterprise Institute, rental receipts for the complex increased 130 percent, from $36,000 per month in 1981 to $83,000 per month in 1984. Compared to previous management, administrative costs were reduced 64 percent in the first year of operation and 60 percent in the second year. Ordinary maintenance costs were reduced by 26 percent in the first year and 20 percent in the second year.[78]

Because of these reduced expenditures and increased rental receipts, Kenilworth/Parkside will eventually be able to fund its employment and training program with its own resources. The Corporation also has plans to expand its job creation efforts.

2. Expanding Social Services Available to Participants

Each of the innovative State and local programs discussed above make a full range of social services available to participants. According to Demetra Nightingale of The Urban Institute: [79]

> As might be obvious, we found that in order to really help welfare clients become employable, it is important to have the professional expertise of both employment and training specialists and social services experts coordinating with the income maintenance department. Addressing the employment problems of the welfare population requires the expertise, knowledge and services available from both professional systems.

The support services offered to participants in the State and local programs discussed above include day care, transportation, health benefits, intensive support counseling during the transition period from welfare to work, financial counseling, and family services. Each of the witnesses at the subcommittee hearings testified that support services were crucial to the ability of AFDC recipients to participate in their programs. Without this range of services, the investment of funds in welfare employment programs will not have the impact that it can when services are provided.

3. Coordinating Welfare Employment Programs with State Economic Development Policy

As the previous discussion of employment opportunities outlined, many areas suffer from a lack of enough jobs, or enough jobs which pay a wage adequate for a family with children. Recognizing the need to increase the availability of job opportunities to the AFDC population, several States have started to tie their economic development efforts to their efforts in welfare employment.

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[78] Cicero Wilson, Statement before the Joint Economic Committee, September 28, 1984.
[79] Hearings, page 29.

In Maine, for example, an innovative econonomic development program is providing development financing for small businesses throughout the State. In exchange for this low-cost financing, the businesses are asked to make a commitment to hire AFDC recipients that are referred to them by the State's welfare employment program. In the program's first year of operation, over 300 jobs were created for AFDC recipients. Problems still remain with arranging transportation to the small towns where some of the businesses are located, but the State believes the program is worthy of continued investment.

Maryland has just started a similar program called Investment in Job Opportunites (IJO). The State will funnel money to economic development agencies to expand efforts to create new permanent private sector jobs. In addition, Maryland will support efforts to improve linkages with local Jobs Training Partnership Act agencies by providing additional support services, supported work counseling, job training, and remedial education so that public assistance recipients can obtain and retain these newly-created jobs.

The State of Michigan is also developing a comprehensive economic opportunity program which will tie together the State's efforts in economic revitalization and welfare policy. Minnesota has similar efforts underway and Massachusetts has a long-standing policy of trying to tie together its development and human resources policies. While conclusions about the results of these programs are premature, this seems to be an area of growing interest at the State level and one in which expansion will undoubtedly occur.

4. Encouraging Self-Employment as an Option for Some AFDC Recipients

A number of programs have been developed to assist women on AFDC to become self-employed. These programs respond to the fact that not only are job opportunities limited in many areas, but more importantly some AFDC women possess the desire and ability to become self-employed and for them self-employment is a feasible route out of poverty. None of these programs operate on the assumption that self-employment is an option for most AFDC women but are designed with a view of self-employment as one small part of a larger commitment to education, training, and employment programs.

Expanding the opportunity for AFDC recipients to become self-employed will require changes in Federal regulation. According to Robert Friedman, president of the Corporation for Enterprise Development:[80]

> [M]ore than ten states are now interested in self-employment demonstrations for AFDC recipients. For them to do so, HHS must be encouraged to interpret the 1984 Work Supplementation provision of the Deficit Reduction Act broadly enough to encompass self-employment efforts. At the same time, the pre-existing 1115 waiver system could be used aggressively to separate business and personal

[80] Ibid., pages 606–607.

assets for the purpose of the demonstration, and to allow additional experiments as necessary. Rather than cut the WIN budget, which has helped fund the most innovative work-welfare experiments, it would be prudent for the Federal government to provide innovation monies so that states need not bear alone the full costs of these productive experiments.

Women's Economic Development Corporation (WEDCO).—WEDCO is located in St. Paul, Minnesota, and assists women in achieving self-sufficiency through self-employment. According to testimony before the subcommittee by WEDCO President Kathryn Keeley, WEDCO has helped women start 210 businesses in its first eighteen months of operation. A partnership with a local bank has resulted in 65 loans, in addition to which the project has its own loan fund of $300,000.[91]

The Corporation developed a three-year project with the First Banks of St. Paul and Minneapolis and with the First Bank System which includes provision of technical assistance, a three-year contribution for WEDCO's operating fund, and a separate loan fund.

Ms. Keeley stated that the target population of the project is low-income women who are either unemployed or underemployed. Approximately 75 percent of WEDCO clients have annual incomes below $15,000 with 52 percent having incomes below $7,000 a year. Twenty percent of those seeking assistance are currently on AFDC, Social Security, or general assistance.

WEDCO is now working with the State of Minnesota on a waiver request to the Department of Health and Human Services which would facilitate AFDC women becoming self-employed. Specifically, the waiver request addresses barriers found in Federal AFDC regulations which include: (1) the resource limit of $1,000; (2) the definition of earned income for self-employment; (3) the perspective/retrospective budgeting provisions; (4) disallowance of depreciation, purchase of capital equipment, payments on principal of a loan for capital, assets of durable goods and entertainment expenses; and (5) the equity limit of $1,500 on an automobile.

Minnesota has also passed a new jobs bill which establishes a small pilot program to develop and expand self-employment opportunities for low-income residents. The program creates self-employment as one option within a much larger job creation and training program.

Hub Program for Women's Enterprise.—The Hub Program for Women's Enterprise is a national program launched in 1983 under the auspices of the Corporation for Enterprise Development in Washington, D.C. The Hub program directs specific attention to women's potential for self-employment, particularly among low-income and minority women.

According to testimony before the subcommittee given by Sarah Gould, Hub's director for programs, Hub currently has programs operating in three cities: Hartford, Connecticut; Newark/Essex County, New Jersey; and Flint, Michigan. At each of these sites,

[91] Ibid., page 587.

the program works with the community to go through four stages of planning for expanded enterprise development:

Community Assessment: Local conditions are studied and local organizations, leadership, and neighborhood activity are identified. The interest in both for-profit and non-profit ventures is assessed.

Data Collection: Current women business owners, women with an active interest in forming both for-profit and non-profit businesses, and available training programs are all identified. The willingness of people in all three spheres to participate and share their expertise and resources is assessed.

Needs Assessment and Exchange Forums: Hub program staff meet with existing business owners and aspiring business owners to assess the barriers that exist to expansion or start-up. A follow-up forum is conducted with local decision-makers to focus community attention on the barriers identified and new support systems recommended.

Local Action Plan: The findings and recommendations developed through the previous three stages are developed into a local action plan. These action plans are designed to overcome the barriers of capital availability, technical assistance, information exchange, the provision of day care services, and education and training.

According to Ms. Gould, several programs across the country are now assisting low-income women to overcome barriers to self-employment:[92]

> Most of these programs provide responsive support, training and technical assistance, and some provide access to financing and low-cost space as well. All of them address the range of issues important to low-income women and single heads of household, including day care for children and dependent adults, confidence-building, and the development of personal business networks. They work with women to set realistic goals and to develop strategies for the gradual establishment and growth of their businesses. This program design recognizes that moving out of poverty, like starting a business, is not an event, but rather a process, and that success is achieved as women are assisted to move through various stages of that process.

C. EFFORTS TO ASSIST LONG-TERM WELFARE DEPENDENTS ACHIEVE SELF-SUFFICIENCY ARE INADEQUATE

Just as there are multiple reasons causing women to turn to welfare for assistance, so, too, do their experience and tenure on welfare vary. Research conducted by Bane and Ellwood in 1983 found that for most women, AFDC is only a temporary source of relief. Approximately one-half of the women receiving AFDC leave the program in two years or less. Their departure from the program is usually permanent as they either marry or reconcile a relationship

[92] Ibid., page 579.

or find a job with wages high enough to sustain economic self-sufficiency.

In contrast, a minority of women receiving public assistance, approximately 17 percent, remain on the program for at least eight years. Some receive benefits continuously, while others leave the program for a year or so, only to return. Although these women constitute a small percent of the caseload, they account for the bulk of AFDC expenditures. Specifically, these recipients comprise one half of the caseload at any one time and consume over one half of the cost of the program.

Bane and Ellwood's study of this duality in the welfare caseload identifies certain factors which appear to be determinative of a woman's length of stay on AFDC. They found that women who drop out of high school, have no previous work experience, become a head of a family by having a child, and have larger families are more likely to be long-term dependents.[83]

Young mothers, particularly unmarried adolescents, who begin receiving AFDC at an early age, have the bleakest prospect. Three out of four single mothers under age 25 live below the poverty line and over half of mothers on welfare had their first child in adolescence.[84] Women who were teenagers when their first child was born account for more than half of the total AFDC expenditures and are likely to sustain a long term dependence on the program. Many interrupt their schooling to have a child, and do not return to acquire a high school degree or any marketable skill. As an added complication, teenage mothers and their infants face high medical risks, and health problems often persist into later years for these children.[85]

According to the welfare experts who testified before the subcommittee, an increased commitment to better serve long-term recipients is important for both humanitarian and fiscal reasons. Without interventions, these women and their children face many years of living in poverty while they receive AFDC benefits. Some analysts are concerned that long-term welfare use generates "an underclass" of individuals who are alienated and frustrated because they are essentially locked out of opportunities.[86]

Economic considerations also dictate that this population be the focus of greater public investment. Helping these women become independent will reap larger savings for the welfare system. As Dr. Ellwood explained to the subcommittee, "Helping a woman find a job a few months earlier than she would have otherwise has little long-term effect. Finding one for a woman who would have remained entirely dependent on AFDC for years can have a major impact." [87]

Similarly, MDRC's research has consistently found that programs should provide services to the more employable. According to Judith Gueron, MDRC has found that in most of the work dem-

[83] Mary Jo Bane and David Ellwood, "The Dynamics of Dependence, The Routes to Self-Sufficiency," Cambridge, Massachusetts, Urban Systems Research and Engineering, Inc., June 1983.
[84] "Preventing Children Having Children," Children's Defense Fund, Clearinghouse Paper No. 1, Washington, D.C., 1985, Pages 4–5.
[85] Hearings, page 408.
[86] Ibid., page 110.
[87] Ibid.

onstrations, the impact of the program is greater for participants who are categorized as the most disadvantaged or "least employable" in terms of previous work experience and tenure on public assistance. However, Dr. Gueron also noted it is important to understand that these long-term dependents do not have the highest placement rates or the highest levels of post-program employment. As one would expect, these barometers for measuring success in a work program are higher for those who are more job ready. Even so, the impacts, in terms of increased earnings and employment, and reductions in welfare expenditures are greatest for those most disadvantaged. Dr. Gueron concluded that "a program working with those who would do very poorly on their own may look less successful (measured in placements), but in fact has made a major change in behavior." [88]

While successful programs for long-term dependents promise larger savings in the long run, they demand comprehensive services which are often expensive in the short run. Demetra Nightingale of The Urban Institute explained that intensive employability training and remedial services are necessary to address the multiple problems of long-term dependents. In addition, offering a range of services, including child care, health care, children and family services, and transportation, may be essential to the success of this type of initiative.[89] In designing a program for adolescent mothers, Dr. Sandy Weinbaum, director of Access for Women, pointed out that "No intervention can be successful that does not address the complex social and economic circumstances as well as the psychological realities which are likely to shape the lives of adolescent mothers." [90] An individualized approach to dealing with women on welfare is important for all clients, but is particularly crucial in addressing the needs of women who face multiple barriers.[91]

Several programs serve as instructive models for designing initiatives for long-term dependents. Many of the subcommittee's witnesses referenced the Supported Work Demonstration Program which targeted long-term recipients and produced promising results. It was run as a national demonstration program from 1974 to 1979 by MDRC for five years at 21 sites across the country. The program operated well-structured, paid work experience as a transitional employment strategy for four distinct groups of disadvantaged individuals including women who were long-term recipients of AFDC. The work experience was structured with gradually increasing demands, close supervision, and peer support. Participants volunteered for the program.

After an extensive evaluation of the program, which included equal numbers of participants and controls, MDRC found significant increases in the earnings and employability of AFDC recipients as well as significant reductions in welfare dependency. Earnings among the participants increased 50 percent over the control group. The results remained consistent two years later. Women not only were able to find employment, but the jobs they secured paid

[88] Ibid., pages 106, 114–117.
[89] Ibid., pages 29–30.
[90] Ibid., page 408.
[91] Ibid., page 28.

higher wages and were for longer hours than the jobs of the control group. The program proved to be extremely cost-effective.[92]

Another program in New York called Expanding Options for Teen Mothers provides comprehensive employment services for adolescent mothers. It is a six-month program which provides vocational training in non-traditional jobs, such as building maintenance and repair, to young women. Those who have completed the program are hired as handypersons, maintenance workers, and apprentice carpenters, painters, and bricklayers. Not only are the women prepared for a profession, but many also receive their high school GED. The program also includes a comprehensive vocational and family counseling program, on-site child care, stipends to defray training related costs, a mentoring component which connects community role models with participants, and a followup program to provide supportive services to women once they leave the program. The program's director, Dr. Weinbaum, explained to the subcommittee that the participants "leave with a sense of themselves as productive members of society; as one young woman, a nineteen-year old mother of three children, said when she completed the program, 'There are so many things I want to give my children, and now that I have a trade, I can begin providing for them.'" Unfortunately, Dr. Weinbaum added that most of these programs struggle to survive, and often last only two or three years because no Federal assistance has been made available to them.[93]

Not only is little funding available to establish employment programs directed at long-term dependents and adolescent mothers, but many existing Federal programs have an inherent bias against helping these women. Dr. Ellwood testified before the subcommittee that the WIN Program focuses its resources on the group of recipients more likely to move off welfare on their own. For example, by law, it concentrates on serving mothers with children over six whose day care needs are less costly than those with small children. Thus, the young, unmarried teen mother who starts receiving AFDC when her child is born may not be served for six years. In addition, he believes that the services offered under WIN are skeletal compared to the comprehensive array of services needed by this population.[94]

In a 1982 study, GAO concurred that limited funding and the higher costs involved with helping the less employable resulted in many WIN offices serving those who were job ready. In addition, there are incentives in the funding allocation formula that place a premium on the number of WIN participants who find jobs, regardless of the type of support provided.[95]

As Linda Wilcox, director of Maine's Division of Welfare Employment, told the subcommittee, "When program operators are rewarded for the number of immediate job placements they obtain, they will tend to select participants who are most likely to succeed in the program but who are also most likely to get jobs on their own."[96]

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[92] Ibid., pages 113–114.
[93] Ibid., pages 410–411.
[94] Ibid., pages 10–11.
[95] Op. Cit., see footnote 20, page ii.
[96] Hearings, page 537.

Similar concerns are raised about the Job Training Partnership Act (JTPA), the $3.6 billion Federal employment and training initiative enacted in 1982. Early evaluations of the JTPA Program find that it primarily serves the more motivated and most employable participants, a practice commonly referred to as "creaming." Several factors contribute to this approach including a tendency to operate short-term training programs and focus on direct job placement, an emphasis on performance-based contracts, strict limitations on resources for child care and other supportive services, and general budget constraints.[97]

By way of example, Dr. Weinbaum attested to the failure of the JTPA Program to serve the needs of teen mothers. She noted that the priority placed on job placements, and reinforced by performance-based contracts which penalize agencies for failure to meet pre-determined completion and placement goals, has resulted in the program recruiting young people who are easy to train and place. "A young mother who has dropped out of school, who may require academic remediation, who has no access to good childcare and who may live in an unstable family situation is not generally viewed as a promising candidate for a training program that averages 10 to 12 weeks and must place 70 to 80 percent of those enrolled." [98]

Furthermore, according to Dr. Weinbaum, a report on JTPA Programs in New York City documented that even JTPA Programs designed especially to target young people have difficulties recruiting and retaining teen mothers. The problems identified include lack of adequate arrangements for child care, lack of easily accessible and high quality remediation programs, lack of stipends to cover training-related costs such as transportation, lunch, classroom supplies, and burdensome and time-consuming dealings with welfare which prevent participants from regular attendance. An additional problem identified by the report is that JTPA Programs further sex segregation in employment by concentrating young women in training programs for jobs traditionally held by women, such as clerical and service jobs. Only eight percent of the females, as opposed to 33 percent of the males, were being trained in such fields as building maintenance and repair or automotive mechanics. The jobs for women are typically non-unionized, low-salaried, and offer few benefits or possibilities for advancement, thereby leaving most women without the financial security to remain independent of public assistance.[99]

The committee finds that the disadvantaged situation of the women who are most dependent on AFDC warrants rigorous appraisal and a restructuring of the approach to assisting them become self-sufficient. The committee recommends that Federal policies ensure that comprehensive and well-targeted services are provided to these families. While these services will be more expensive in the short-run, they are well worth the investment in the future. The stakes for Federal neglect are high, both in terms of

[97] Demetra Nightingale, "Federal Employment and Training Policy Changes During the Reagan Administration," Washington, D.C., May 1985, pages iii–vi.
[98] Hearings, page 415.
[99] Ibid., pages 415–416.

welfare costs, and in terms of denying opportunities for these women and children to escape from poverty.

D. FLEXIBILITY AND EVALUATION ARE KEY TO THE LONG-TERM SUCCESS OF STATE WELFARE EMPLOYMENT PROGRAMS

As previously discussed, during the past four years, many States have taken advantage of the flexibility provided them under Federal law to implement a wide range of work programs. Some have continued to administer the traditional WIN program, while others have built on their WIN experience to develop new, and often innovative programs. Most of the programs have been operative for less than two years, and few ongoing evaluations are complete. To date, the preliminary information that has been analyzed from the States, the GAO, the Department of Health and Human Services, and independent program evaluators reveals mixed results and leaves many questions unanswered. At the same time, the experience to date has produced many important observations.

1. The Diversity Among States and the Heterogeneity of Women on Welfare Mitigates Against Uniformity in Work-Welfare Programs

According to policy experts and program administrators who testified before the subcommittee, the most significant lesson learned from our welfare experience to date is that no single approach or program promises to be "the" solution for welfare dependency. Instead, the evidence indicates that a diversity of approach is necessary to achieve this goal. As Robert Friedman, president of the Corporation for Enterprise Development, pointed out, in developing programs to promote self-sufficiency, "What is a road for one person is a roadblock for another." [100] Although it is easier for policymakers to assume that the situation and needs of welfare clients are alike, in fact, the population of women on AFDC is not homogeneous.

As previously noted, research completed by Bane and Ellwood concludes that the welfare system performs a dual function, that of both short-term relief, and long-term income maintenance. Some women, who turn to welfare during a temporary economic setback, have a history of recent attachment to the labor force, and can move off AFDC with minimal assistance, such as job search or help with child care arrangements. Others, having depended upon AFDC for longer periods, may have little job experience and few marketable skills. Facing multiple barriers to employment, these women may need intensive forms of assistance. Depending upon educational and literacy levels, and skill development and work experience, women may need a range of different services to attain employment. In addition, women on AFDC also may have varying needs for supportive services, such as child care, transportation, or medical care. For many, the provision of these services are of equal or greater importance than the actual employment assistance.

This complex array of needs leads Ruth Massinga, Maryland's Secretary of Human Resources, to conclude that "Sustained em-

[100] Ibid., page 595.

ployment for AFDC recipients necessitates a comprehensive package of services such as work experience, job search, vocational training, remedial education, on-the-job training and supportive services if we truly expect to increase client self-sufficiency and self-support, and thereby reduce their need for public assistance." [101]

Flexibility in program approach is necessitated not only by client needs, but also by the diversity among States and localities. According to Judith Gueron, MDRC's studies of State initiatives have found "significant differences in program goals and objectives, administrative capacity, welfare characteristics and local economic conditions." [102] GAO also cautioned against assuming that a promising model in one State or locality could easily or successfully be replicated in another area because of differences in social, economic, or political conditions.[103] Most witnesses who testified before the subcommittee echoed Dr. Gueron's observation that "This diversity should mitigate against any approach that would require uniformity of program treatment or outcome across the country."[104]

2. Many State Welfare Employment Programs Have Been in Operation for a Short Time and Have Not Yet Been Fully Evaluated

Another reason to continue support and flexibility for State and local program initiatives is that States are still experimenting with the options afforded under current law. After undertaking an extensive review of 37 work-related programs, GAO found that there was "little evidence to indicate that the demonstration projects could be implemented on a national mandatory basis, because 30 projects are still in progress, and those that have been completed yield inconclusive or unreliable outcome data. While some are showing encouraging interim results, their general applicability must be viewed with caution." [105]

Demetra Nightingale testified that "Before making major changes to a system that has not yet stabilized from the policy shifts of the past five years, more attention should be paid to the effectiveness of the programs as they now exist." Explaining that "no valid national data" on State performance is available, she stated that "major legislative changes at this time . . . are premature." [106]

Likewise, Dr. Gueron testified that "fruitful lessons from those early experiments are beginning to emerge, but we do not yet have the answers." As such, she urged Congress to "continue to allow states considerable flexibility in operating programs, . . . not to pre-judge the results . . ." [107]

Currently, MDRC has undertaken an evaluation of various work-welfare initiatives in eleven States, particularly focusing on the viability of program operations, impact on employment and earnings,

[101] Ibid., page 532.
[102] Ibid., pages 106–107.
[103] Ibid., page 63.
[104] Ibid., page 107.
[105] Ibid., page 62.
[106] Ibid., page 39.
[107] Ibid., page 119.

welfare dependency, and cost-effectiveness. The programs differ substantially in terms of eligibility, targeting, size and program approach. Most evaluations are still in preliminary stages.

In testimony before the subcommittee, program evaluators described some major questions that need to be answered before determinations could be made about the national feasibility of certain programs. For example, MDRC found that job search, whether operated on a mandatory or voluntary basis, had a "relatively modest" impact, depending upon the target population in increasing employment for AFDC recipients and applicants. In the four localities in which MDRC is evaluating programs, job search resulted in an increase in earnings for some recipients because they had obtained higher-paying or more permanent jobs. The impact on welfare dependency was inconsistent: some studies suggested "modest reductions in welfare grants, with no decrease in dependency" while others indicated actual reductions in the welfare rolls. Dr. Gueron explained to the subcommittee that more information is needed on job search programs regarding the "complex relationship between increases in earnings and employment for AFDC women, benefit levels, and reduction in welfare dependency. . . ." [108] Ms. Nightingale raised the issue that "the long-term effectiveness of this approach, however, has not been proven, and there is some concern that clients in some group components tend to identify and accept low-wage jobs which may not have long-term security." [109]

Mandatory unpaid work experience, or workfare, perhaps the most controversial of all work programs, is under evaluation in six States by MDRC. MDRC has found that in contrast to the Administration's advocacy of open-ended work obligations, most States are running part-time workfare programs and limiting the work obligation to 13 weeks. As for participation levels, MDRC has found mixed results. San Diego successfully mandated participation for a large segment of the applicant population; West Virginia did so only for their AFDC–UP (Unemployed Parent) clients, who are mostly men, and other States produced lower levels of participation.[110]

Observations from The Urban Institute were similar. Ms. Nightingale testified that while 23 States have instituted a CWEP Program, the option operated only in about 20 percent of all counties nationwide, usually in non-urban or rural areas, on a demonstration basis. Her review found that States vary in their approach with some operating strict workfare, i.e., requiring recipients to work off their entire AFDC grant, while others implement it as a supplemental activity, similar to WIN work emperience, designed to provide employment development and limited work experience.[111]

Dr. Gueron concluded that while findings to date, "point to the feasibility, in some circumstances, of running large scale mandatory programs for a subset of the AFDC caseload on a time-limited

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[108] Ibid., pages 5–6.
[109] Ibid., page 27.
[110] Ibid., pages 110–112.
[111] Ibid., pages 32–34.

basis, questions remain about what would happen if States tried to impose an open-ended work obligation on their entire caseload." It is not clear that CWEP can produce enough jobs which improve the employability of participants without the displacement of other workers. But more importantly, while some information is available on the feasibility of implementing workfare, according to Dr. Gueron, "it is too early to speak reliably about the impact and cost effectiveness" of this approach.[112]

Therefore, for workfare, job search, and other job training or placement programs currently being tested, many key questions emerge to which we have no definitive answers. Reliable and comprehensive information is not yet available on program costs and impacts, with regard to deterrence, reductions in welfare dependency, and employment. It is not clear which intervention works best for whom, whether mandatory requirements are effective and, to what extent, successful programs can be replicated in areas with different economic and political conditions.

3. States are Currently Encountering Numerous Barriers to Establishing Work Programs

In GAO's study of welfare-employment programs, several barriers to implementing work programs were identified. These obstacles, according to GAO, need to be considered and addressed in order for programs to effectively meet their objective. In the testimony presented to the subcommittee, Joseph Delfico, Associate Director of Income Security Programs, outlined the problems as follows:

Support services: According to GAO, the provision of child care and transportation are critical to participation, particularly of women with young children, in work programs. However, GAO found that States often found these costs to be prohibitive and, as a result, had to exempt people from participating because no child care or affordable means of transportation were available.

Work slot development: GAO found that work slot development, both in the private sector under grant diversion programs, and in the public sector under CWEP, posed problems and delays in the implementation of work programs. GAO identified one workfare site that had as many as 35 eligible participants for each slot program administrators could develop.

Worker's compensation: GAO found that in two workfare projects, local agencies were unwilling to provide work slots unless the State provided worker's compensation. In yet another program, administrators have delayed establishing a program because of their concern about the on-the-job injuries and the allocation of compensation costs.

Education and training: Some women lack basic education and skills which would enable them to find a job or even participate in work programs. GAO found that unless resources are available to meet training needs of this population, the expansion of employment programs may be impeded.

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[112] Ibid., pages 110–112.

Staff problems: Both insufficient staffing levels and inadequate training of welfare staff for employment responsibilities were found to result in implementation delays and lower participation rates.

Relationships with other programs: GAO corroborated the testimony of others, including the Office of Family Assistance, that problems in the coordination of welfare employment programs and the JTPA program, often adversely affect opportunities for job placement for welfare clients. JTPA focuses services on the most job-ready to the exclusion of many AFDC clients, who face multiple barriers to employment.[113]

4. Federal Efforts to Evaluate and Monitor Ongoing Work Programs Need Improvement

In view of the preliminary status of current program evaluations, and the barriers still faced by many States in implementing work programs, most witnesses who testified before the subcommittee urged not only further experimentation, but more rigorous evaluation of the efforts to date.

Dr. Ellwood argued that:

> . . . We desperately need to know more about how we can help. Thus I favor expansion of very carefully conceived demonstration projects. . . . Because the welfare population is so volatile, my own view is that demonstrations without control groups are virtually impossible to evaluate.[114]

According to both Ms. Nightingale of The Urban Institute, and GAO, the Department of Health and Human Services lacks adequate data collection and monitoring of programs to allow for comprehensive, nationwide analysis.

Ms. Nightingale pointed out that the existing data base will make it virtually impossible to place State and local projects underway into a national context. Specifically, she asserted that comparing activity and performance levels between the WIN and WIN Demonstration Programs will be problematic because the unified WIN reporting system has been eliminated. Moreover, States are now required only to report minimal data on CWEP and other optional programs.[115]

GAO concluded the "OFA has assembled little information or analysis" which would help determine the extent to which questions regarding targeting, the applicability of replicating program models, cost-effectiveness, and impact can be answered. First, GAO found that the Congressionally-mandated evaluation of WIN Demonstrations to date may be marred by questions of data reliability because each State uses a different method of collecting information.

Second, GAO believes that many of the seven OFA-funded State project evaluations on workfare programs may yield little useful information on the cost-effectiveness of work programs. While two

[113] Ibid., pages 64-65.
[114] Ibid., page 18.
[115] Ibid., page 23.

have resulted in interim reports, with statistically useful results, most of the others, according to GAO, have serious shortcomings. For example, one State decided not to conduct an evaluation because of problems encountered during implementation, another two projects had problems with control groups and small numbers of participants, and yet another was flawed for failing to analyze data for its control group.

Third, GAO believes that the HHS has failed to develop "collective or comparative information on the progress and problems the projects are experiencing." Citing State quarterly reports that do not produce standardized information, sporadic visits and telephone calls to the States, and the dearth of information on non-demonstration projects, GAO states concerns that "if current OFA practices continue, it is unlikely that information on the outcomes of their projects will be available to the public or the Congress in the future." [116]

The committee recommends that the Department expand and improve its monitoring and evaluation of ongoing work programs. The committee believes that detailed and rigorous analysis of these initiatives is an important prerequisite to informed policymaking and program development at the State and local level.

E. TO DATE, DATA AND EXPERIENCE ARE NOT AVAILABLE TO SUPPORT MAJOR NEW LEGISLATION ON STATE WORK WELFARE PROGRAMS

In each of the past five years, the Administration has proposed sweeping changes in AFDC work programs, with an eye towards reducing AFDC costs and caseloads by moving recipients off the program as quickly as possible. In 1981, Congress rejected the Administration's original proposal for mandatory workfare programs for AFDC recipients, instead choosing a more moderate approach of granting States the option of establishing a range of work programs. In each subsequent year, the Administration has proposed some form of mandatory work program, which includes participation quotas for States and specific program prescriptions. At the same time, the President's budget has consistently called for the elimination of the WIN Program.

In the fiscal year 1986 budget message to the Congress, the Administration proposed a new work program entitled Work Opportunities and Welfare (WOW) which contains the same basic constructs as its previous proposals. The WOW program would replace WIN with half the level of current funding, mandate participation quotas for the States, require eligible recipients and applicants to participate in job search and other employment related activities, and impose fiscal sanctions on States for non-compliance.

With the exception of the representative from the Department of Health and Human Services, every witness who testified during the subcommittee's hearings raised serious concerns about the WOW proposal. The Secretary of Maryland's Human Resources Department stated that the proposal would "severely hamper Maryland's ability to continue to make substantial advances in this area." [117] Massachusetts Governor Dukakis said that the proposal

[116] Ibid., pages 60-62 and 72-73.
[117] Ibid., page 528.

would "be taking two legs out of a three-legged stool" [118] and Linda Wilcox, director of Maine's Division of Welfare Employment said that the proposal would "require a drastic change in Maine's welfare employment philosophy and in program operation." [119] Commissioner Perales, representing the National Council of State Human Service Administrators, testified that the organization strongly opposes the proposal because it "would substantially hinder the States' welfare employment and training efforts. In the short-term it may achieve savings but at the expense of higher public costs in the long-run as those recipients who could have become self-supporting are denied the assistance they need to work their way off of welfare." [120]

1. Funding

Many of the witnesses appearing before the subcommittee testified that the proposed fifty percent cut in funding from current WIN levels of $287 million to $145 million would disrupt the capacity to operate welfare employment programs that States have built up in recent years. GAO concluded that "The net effect of the proposed funding cuts would be to shift a greater share of work program costs to the states. If states could not compensate for lost federal funds, some currently successful programs might have to change or curtail their activities. Because adequate funding is often critical to resolve implementation problems, elimination of WIN funding and a decrease in overall work program funding could significantly impair the proposed program's effectiveness because fewer participants could be served.[121]

An Urban Institute survey found that because of previous cuts in the WIN funding levels (amounting to approximately 30 percent since 1981), many States have reduced the number of counties covered by the work requirement and the types of services provided. Thus, Ms. Nightingale stated that "It does not seem possible that states could serve more clients, (e.g., serving applicants plus increased activity to meet participation requirements) with much less funding." [122]

Similarly, Judith Gueron of MDRC commented, "While it is important that 'modernization' take place, and that an administrative system be flexible enough to respond to changing conditions, we feel it is also important to maintain some degree of stability in the WIN system if the results of the current initiatives are to be fully realized. We found that in some cases it has been difficult for states to adjust to the major funding reductions, staff cuts, and administrative reorganization that have accompanied the recent policy changes." [123]

When asked about the adequacy of the proposed budget of $145 million for the first year of the program, Jo Anne Ross, the associate commissioner for family assistance responded, "We believe it will be adequate for the first year. . . . We would expect the dollar

[118] Ibid., page 476.
[119] Ibid., page 535.
[120] Ibid., page 98.
[121] Ibid., page 67.
[122] Ibid., pages 33 and 38.
[123] Ibid., page 118.

costs will increase in future years as participation rates increase." [124]

However, Commissioner Perales explained that mandating States to expand required services with less money will simply lead to ineffectual programs. The American Public Welfare Association surveyed the States to ascertain the funding levels actually needed to meet the proposed program's participation requirements. It found that, for example:

> Connecticut would have to hire 161 new staff to operate job search for applicants and recipients alone. Additional costs for the first year could be as high as $18.5 million.
>
> Delaware would need an additional $4.2 million, three times its current budget, to operate the WOW program Statewide.
>
> Maryland estimates that an additional expenditure of $3.5 million would be required to run the Administration's proposed program.
>
> Missouri projects additional expenditures of $12 million to operate the expanded WOW program.
>
> Texas would have to spend an additional $1.6 million above current funding levels in 1986, but would require an additional $22 million in the following year.
>
> New York calculated that to achieve a 75 percent participation rate in the third year of the program, the State would need an additional $50 million and as many as 575 additional employees. [125]

Several witnesses also were concerned that funding would not be adequate to cover costs for supportive services, such as child care and transportation. GAO explained that States often depend on their WIN funds to provide such services. Although HHS cites the Title XX Social Services Block Grant as a possible source for these services, GAO pointed out that current Administration plans are to fund this program at existing levels for the rest of the decade. In addition, GAO found that States have decreased their Title XX allocations for day care. [126]

These witnesses testified that the actual costs for the WOW program far exceed the administration's estimates thereby passing along the financial burden for the program to the States. But, as importantly, they also commented that the administration's proposal contains the misleading suggestion that work programs can be operated with minimal funds. As Dr. Gueron stated:

> . . . to get these results, you have to spend money. Operating effective programs requires resources and qualified, trained staff. . . . Attempts to cut the federal deficit should not be short-sighted. . . . It is important that states be provided with adequate resources—resources that would enable them to do staff training, pool information about operational lessons, and keep informed about what works and what doesn't. [127]

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[124] Ibid., page 176.
[125] Ibid., pages 94-96.
[126] Ibid., page 67.
[127] Ibid., page 118.

2. Participation Quotas

The Administration's WOW proposal would, for the first time, establish participation quotas for States under threat of sanction. Categories of eligible recipients would be similar to those currently under the WIN program, except that States could no longer exempt individuals who do not live close to work program sites. In addition, States may, at their option, include women with children between the ages of 3 and 6. Over the next three years, States would have to meet participation standards of 25 percent the first year, 50 percent the second year, and 75 percent the third year. A job search mandate would apply to applicants as well as recipients.

According to Associate Commissioner Ross, the "experience to date shows that work programs can be successful with large numbers of recipients." She provided the following evidence, "For example, in a San Diego work program that combines job search and CWEP, of the nearly 5,000 welfare recipients expected to work, over 90 percent found jobs, left the rolls, or completed the program within 9 months of entering the program." [128]

In contrast, GAO testified that ". . . it is unlikely that the majority of them (States) will be able to serve such a high proportion of eligible clients." They found that few States currently reach far more modest participation rates, and even those that involved larger numbers of recipients do not have all recipients participating at once. Moreover, GAO pointed out that while the San Diego work program did achieve a 50 percent paticipation rate, participation was defined as being present for one day of job search and one hour of work experience, as opposed to the ongoing involvement suggested by the WOW proposal.[129] In addition, Dr. Gueron clarified that the MDRC evaluation cited by HHS applied only to applicants, and could not be generalized to the full welfare caseload, and that only 51.8 percent of the participants, as compared to 42.2 percent of the control group, were employed during some point in the nine-month, follow-up period.[130]

State program directors also questioned whether the participation rates are realistic. The American Public Welfare Association reported that the standards bear no relation to realistic levels of performance, as only three out of 30 States which responded to its survey achieved participation rates over 50 percent. The average participation rate was reported at 28 percent.[131] The Department of Health and Human Services is currently funding two demonstrations designed to "test the feasibility of involving in any given month at least 75 percent of eligible program participants actively in a work program component." [132] Complete results from these experimental projects will not be available until late 1986 or early 1987, leaving many questions unanswered about the success and cost effectiveness of this type of program mandate.

GAO also pointed out that achieving high participation rates is directly related to the feasibility of implementing a program State-

[128] Ibid., page 140.
[129] Ibid., page 68.
[130] Ibid., page 173.
[131] Ibid., page 84.
[132] Ibid., pages 153–154.

wide. In their review of State programs, GAO found that many States still have difficulty running demonstration projects that operate only in a few counties. The greatest problems are apt to occur in rural areas, where day care and transportation, as well as work sites and private sector training slots, are less likely to be available.[133]

In testimony before the subcommittee, representatives from the States of Maine and Maryland reiterated GAO's concern about eliminating what is referred to as the "remoteness" exemption. Ruth Massinga of Maryland stated, "Common sense indicates that where there is no transportation, or where the job market is weak, that exceptions to mandatory participation be allowed."[134] Linda Wilcox of Maine similarly stated that the proposal would require Maine to work with half of their currently exempt AFDC population that live in isolated communities and rural areas where there are few jobs and even fewer opportunities for training.[135]

When the subcommittee members raised these concerns regarding high participation rates, Associate Commissioner Ross responded that:

> . . . in the past, we have put forth legislative proposals that would have required 100 percent participation. The States expressed concern about being able to meet that kind of requirement. * * * We were trying to be more reasonable, quite frankly, and we were trying to provide some flexibility, that is why we set the 25-, 50- and 75-percent phase levels. * * * it still allows the States to decide in what circumstances they think it would not be appropriate to require work or perhaps would not be as effective, because in 25 percent of the cases they can still not require people to participate.[136]

Welfare experts and program administrators not only questioned the feasibility of these participation quotas, but they were also concerned that mandating high participation levels would adversely affect the quality and effectiveness of programs. As Commissioner Perales of the American Public Welfare Association stated:

> States, deliberately, and quite appropriately, restrict eligibility and participation in work program activities to ensure that limited dollars are targeted to achieve the best results. The Administration's plan to impose participation standards in order to improve performance would have the ironic effect of compelling states to curb comprehensive work activities—which provide the best opportunity to increase employment potential—so that a greater number of recipients can participate. Put simply, States would be forced to dilute their efforts in order to serve more people ineffectively.[137]

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[133] Ibid., page 68.
[134] Ibid., page 532.
[135] Ibid., pages 545–546.
[136] Ibid., page 147.
[137] Ibid., page 96.

Subcommittee Chairman Weiss questioned Associate Commissioner Ross as to how mandates for participation would affect the ability of States to target resources. She acknowledged that, ". . . you would want to target different activities . . ." and stated that ". . . the experience that we have to date indicates that States are having great success in some of the projects with targeting . . . I believe that it is possible, through the variety of provisions that we offer in our proposal, for States to target any part of the caseload that they want to." [138]

Demetra Nightingale of The Urban Institute, however, expressed concern that State programs would become "churning mechanisms," in which clients are simply moved through the system in order to comply with the quotas.[139] Dr. Ellwood also raised the concern that this approach leaves States with insufficient flexibility and resources to provide programs for the long-term dependent. Maine's Director of Welfare Employment pointed out that while the proposal would sanction States for not achieving certain participation rates, it provides no reward to States for actually helping recipients find or remain in jobs, or for reducing welfare expenditures.[140]

Additional concerns raised by Ms. Nightingale were the likelihood of additional paperwork and reporting burdens on States to document activity for Federal audits, and that the priority on participation rates would further discourage program experimentation and innovation which would be considered too "risky." [141]

3. Limits on Flexibility

According to HHS, the Work Opportunities and Welfare proposal affords States the "flexibility they need to design programs which meet their local needs and constraints. . . ." [142] The Associate Commissioner explained that in addition to work activities, such as the community work experience program, grant diversion, job search, and the Job Training Partnership Act, States could design alternative work-directed activities or develop innovative projects using demonstration authorities, pending the approval of the Secretary.

Many of the witnesses appearing before the subcommittee questioned the claim that WOW would provide States with sufficient flexibility. For example, in addition to setting participation standards, WOW would mandate that eligible applicants and recipients participate in job search, an activity that some witnesses believe is not appropriate for all AFDC mothers. While the Associate Commissioner stated that "Job search works very well for people who have no experience, and also for people who have had some recent experience in the work force," Maryland's Human Resources Secretary stated that a major emphasis on job search "facilitates short-term cycling of these clients into secondary job markets and a continuation of welfare dependency." [143]

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[138] Ibid., pages 144–145.
[139] Ibid., pages 35–36.
[140] Ibid., page 536.
[141] Ibid., page 36.
[142] Ibid., page 138.
[143] Ibid., pages 145, 531–532.

Another important concern of subcommittee witnesses was that the WOW proposal would preclude States from providing classroom or similar educational or training activities unless the activity is funded under the Job Training Partnership Act. In an assessment of State programs, GAO found that illiteracy and extremely low skill levels among AFDC recipients demand that education and training services be maintained as a viable option for States. GAO questioned whether JPTA can serve as the primary training provider for welfare mothers because studies have demonstrated that the program fails to target individuals who face multiple barriers to employment.[144] According to The Urban Institute, some welfare and WIN Programs report that only about five to ten percent of the clients they send to JTPA are accepted.[145]

JTPA, already unable to meet the needs of the large numbers of disadvantaged individuals eligible for its training, does not have the funding to compensate for the elimination of WIN. In New York, for example, JTPA serves 17,300 public assistance recipients each year. But New York has approximately 220,000 employable AFDC clients that qualify for this service.[146] Similarly, Maryland's JTPA program serves approximately 4,000 recipients of public assistance and/or food stamps, yet the State's AFDC population eligible for JTPA is about 70,000.[147]

When questioned about this policy direction by Chairman Weiss, Associate Commissioner Ross, acknowledged that JTPA could not "pick up all the people . . ."[148] who are receiving education and training services under the WIN program, but that it ". . . could pick up more than we do currently."[149] She also stated that she was "aware of those criticisms"[150] that JTPA targeted those who are most job ready and explained that HHS was trying to disseminate information about improving coordination between AFDC agencies and JTPA. Moveover, she noted that "job search and CWEP activities are not full-time activities. In our existing public education system, there are many opportunities for individuals to pursue acquisition of a GED during the day and at night. I do not think our proposal would prevent anyone from doing that."[151]

In the estimation of several State administrators, this component of the WOW proposal would in fact foreclose the option of education and training for many AFDC recipients. For example, Maine estimates that approximately 80 percent of the training and education activities in which recipients are engaged would no longer be permitted.[152] In Massachusetts, approximately half of the AFDC recipients enrolled in the ET Program are participating in some form of education and training program that would be disallowed under the WOW Program, even if the State were to pay for this activity.[153]

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[144] Ibid., page 69.
[145] Op. Cit., see footnote 97, page v.
[146] Hearings, page 97.
[147] Ibid., page 531, and subcommittee interview with David Siegel, director, Office of Welfare Employment Policy, State of Maryland, November 12, 1985.
[148] Hearings, page 145.
[149] Ibid.
[150] Ibid.
[151] Ibid., page 175.
[152] Ibid., page 535.
[153] Ibid., page 477.

Another component of WOW that would limit State flexibility is the requirement that States operate mandatory programs. Although the Associate Commissioner stated that AFDC recipients "feel the need to work and contribute to society as strongly as any of us," the HHS position is that a mandatory participation requirement with benefit sanctions as a consequence of non-compliance, is essential to the success of a work program.[154]

Witnesses appearing before the subcommittee had differing opinions about the advantages of mandatory and voluntary programs. Dr. Lawrence Mead, of New York University, argued that "there has to be a definite work obligation . . ." but he pointed out that, "At the same time, . . . we do have to have adequate services to make it possible for women to go to work." [155] Cicero Wilson of the American Enterprise Institute had a different perspective on mandatory programs. He maintained:

> . . . coercion is not what is really making the workfare programs that are achieving some success work . . . there are a lot of people who want to get out of welfare traps but we must provide them with an opportunity ladder. We do not have to push them up that ladder; they can propel themselves. . . .
>
> Appropriate pressure is not based on a moral obligation to make everyone work, but on a moral obligation not to deny people who want to work and who have the capability of working.[156]

Other witnesses directly involved with either the operation or evaluation of programs also raised some questions about the certainty with which the Administration treats this issue. Dr. Gueron testified that MDRC's research indicates that in general, AFDC applicants and recipients responded positively to group job search, regardless of whether it was mandatory or optional. [157] In programs that demonstrate success in helping women attain self-sufficiency, the mandatory requirement may be irrelevant. For example, in Maine, half of the current caseload enrolled in the new WEET program consists of volunteers as compared to 15 percent of the participation under the original WIN program. As Linda Wilcox explained, "This means that AFDC recipients are choosing to come to us for help in finding jobs, because they believe that we have something of value to offer them." [158]

Massachusetts Governor Dukakis testified that in his first Administration he had tried mandatory workfare "with less than notable success." [159] In contrast, the State's ET program not only has placed 17,000 people in jobs, but has a waiting list of approximately 20,000 individuals. While the program incorporates the WIN registration requirement, ET emphasizes individual choice for recipients in designing a course of employment, education, training or counseling. Thomas Hourihan, vice president of human resources for

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[154] Ibid., pages 133 and 142.
[155] Ibid., pages 500–501.
[156] Ibid., pages 497, 500 and 516.
[157] Ibid., page 101.
[158] Ibid., page 535.
[159] Ibid., page 442.

the Norton Company, who has employed several ET graduates commented:

> . . . I cannot emphasize this any more, the program has to be voluntary. . . . We do not want people who do not want us. . . .
>
> We want people who want to be there and it makes no sense to me and it has no dignity and self-respect to tell people, AFDC recipients or anybody else, you have to go to Norton Company . . . or anywhere else.[160]

Many concerns about mandatory programs remain unresolved, not only relating to their effectiveness and fairness, but also to their cost, which involves additional expenditures for determining eligibility, monitoring participation, and administering sanctions.

4. Currently, There is Inadequate Evidence to Support the WOW Proposal

The General Accounting Office reported to the subcommittee that the Administration has inadequate evidence, both in terms of feasibility and cost-savings, to justify its proposal.

GAO found it significant that "the Administration for the most part did not base its proposal and cost/savings estimates on current demonstrations of work programs for welfare mothers administered by OFA." [161] Moreover, GAO maintains that the administration's proposal fails to address problems that States are currently experiencing with their work programs, such as difficulties in meeting day care, transportation, and education and training needs, as well as inadequate funding.

In responding to GAO's request for information on which the Administration based its proposal, the Department supplied GAO with five documents, consisting of a 1978 job search evaluation, a 1981 food stamp workfare evaluation, reports on the Utah Work Experience and Training project, a study of job search in Oregon which is still on-going, and a preliminary report on the San Diego demonstration project being conducted by MDRC.

GAO maintained that none of these reports provide sufficient evidence to back the effectiveness of a nationwide mandatory AFDC work program. According to GAO, the food stamp evaluation specifically notes that its results cannot be construed as representative of the nation as a whole, or any major segment of the country. Information on Utah's program is limited solely to the number of cases in which grants were reduced or closed. No data is available on the cause of the reductions. The job search evaluation did demonstrate success with the program, but focused almost exclusively on the most job-ready recipients. GAO questions the Oregon study results because the program had no comparison group. As previously discussed, the San Diego evaluation also cautions against generalizing its results to the total AFDC caseload because the target population consisted of applicants, rather than recipients, and contained individuals whose overall education level and

[160] Ibid., page 465.
[161] Ibid., page 69.

prior work history exceeded those for the welfare population as a whole.[162]

In responding to questions raised by Chairman Weiss and ranking Minority Member Robert Walker pertaining to GAO and other witnesses' concerns about inadequate information on which to base the new proposal, the Associate Commissioner acknowledged most demonstration projects have been in existence for a short period of time and many evaluations were still in preliminary stages. Even so, she stated that "The experience from the states provides strong and consistent evidence for this Administration's beliefs that work programs work; they are fair; and they help recipients."[163] While the Department cites ongoing efforts as strong evidence in support of WOW, the Associate Commissioner provided no specific information or explanation on how these programs could continue to operate successfully, or overcome some of their problems, in the face of new participation requirements and severe cutbacks in Federal support.

In conclusion, the committee believes that existing data is not yet available to support imposing sweeping and largely untested mandates across the country. Simply stated, the Federal Government is not yet in a position to say what works and what doesn't work. If HHS imposes mandatory requirements which are either unsuccessful, or are even counterproductive, it could easily set back much progress that has already been made. Instead, the committee believes a more appropriate approach would be to continue to permit States flexibility to design programs that best meet the needs of their recipients. But in order for States to continue to build on their experiences to date, the Federal Government must provide both steady and sufficient funding to support these efforts. As Dr. Gueron of MDRC points out, the emphasis on State initiatives should not be used to mask the critical need for the Federal Government to provide adequate resources, technical assistance, and guidance to the States.

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[162] Ibid., pages 69-71.
[163] Ibid., pages 146 and 140.

DISSENTING VIEWS OF HON. ROBERT S. WALKER, HON. FRANK HORTON, HON. THOMAS N. KINDNESS, HON. ALFRED A. (AL) McCANDLESS, HON. LARRY E. CRAIG, HON. HOWARD C. NIELSON, HON. PATRICK L. SWINDALL, HON. THOMAS D. (TOM) DeLAY, HON. RICHARD K. ARMEY, HON. JIM LIGHTFOOT, HON. JOHN R. MILLER, HON. BEAU BOULTER, AND HON. JOHN E. GROTBERG

During the course of public hearings earlier this year on barriers to economic independence for women on AFDC, we heard about a number of State-initiated programs designed to encourage welfare recipients to become self-sufficient. The testimony was very exciting and stimulating, and we would be remiss if we did not acknowledge our appreciation to the subcommittee for focusing our attention on this subject. We hope and expect that the final analyses will bear out preliminary indications that these State initiatives will help welfare beneficiaries achieve economic self-sufficiency—a goal we all share.

We agree that most individuals receiving AFDC want to be economically independent, and we share the belief that the goal of government should be to help them do so. Likewise, we can sympathize with some of the concerns expressed about the administration's current work opportunities proposal, most notably, the mandated participation requirements. The bill may well need revision.

However, generally speaking, we support the thrust of the administration proposal. We believe that a work component is a necessary addition to supportive services if recipients are to be integrated into society and not just subsidized. As Lawrence M. Mead, associate professor of politics at New York University, pointed out during his testimony on this subject, "Work is among the common obligations of citizenship. Those who have no obligations will always be petitioners, dependent on charity, no matter how high government raises their incomes. By assuring that the dependent have equal obligations, as well as rights, work-oriented welfare programs can help to integrate them into mainstream American life."

We do not believe the question should be whether able-bodied individuals must earn an income, but how much income they are able to earn. Negative connotations have so often been attached to the concept of welfare work programs that the opportunities such programs can offer to beneficiaries have been overlooked. Clearly, the focus of debate is changing from questions about the advisability of work programs to questions about how to make them more effective. That case is made repeatedly throughout this report. And yet, the authors dismiss the administration proposal by citing inadequate evidence to support the imposition of a mandated work component. Moreover, in response to the contention that the most significant lesson learned from welfare experience to date is that no single approach or program promises to be "the" solution for wel-

fare dependency, we believe that block grant funding—much like what the administration has proposed—would allow the most flexibility to pursue locally determined priorities.

In short, the administration bill contains some features which we can readily support, and it certainly deserves further consideration. Because this report comes to a contrary conclusion, we cannot subscribe to it.

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